PERTAMA DIGITAL BERHAD

Formerly known as Sinotop Holdings Berhad

Company No.: 198401002327 (114842-H)

ANNUAL REPORT 2020

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Company No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

PAN DING
Group Managing Director / Executive Director

DATUK DR. NG BEE KEN
Independent Non-Executive Chairman

PAN DONG
Executive Director

LOW YAN SEONG
Independent Non-Executive Director

TUN DATO' SERI ZAKI BIN TUN AZMI
Independent Non-Executive Director

WAN KAMARUL ZAMAN BIN WAN YAACOB
Independent Non-Executive Director

AUDIT COMMITTEE

CHAIRMAN
Datuk Dr. Ng Bee Ken

MEMBERS
Low Yan Seong
Wan Kamarul Zaman Bin Wan Yaacob

REMUNERATION COMMITTEE

CHAIRMAN
Wan Kamarul Zaman Bin Wan Yaacob

MEMBERS
Datuk Dr. Ng Bee Ken
Low Yan Seong

NOMINATING COMMITTEE

CHAIRMAN
Low Yan Seong

MEMBER
Datuk Dr. Ng Bee Ken

COMPANY SECRETARIES

Kang Shew Meng (MAICSA 0778565)
Seow Fei San (MAICSA 7009732)

AUDITORS

Mazars PLT
Chartered Accountants
Wisma Golden Eagle Realty, 11th Floor, South Block
No. 142-A, Jalan Ampang
50450 Kuala Lumpur

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya — Tel : 603 7784 3922
Selangor Darul Ehsan — Fax : 603 7784 1988

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya — Tel : 603 7803 1126
Selangor Darul Ehsan — Fax : 603 7806 1387

PRINCIPAL BANKERS

AmFunds Management Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.sinotop.com.my

PERTAMA DIGITAL BERHAD
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CORPORATE STRUCTURE AS AT 30 JUNE 2020

SUBSIDIARIES	EQUITY INTEREST
CONTINUING OPERATIONS	
➢ Gorgeous Goldhill Sdn. Bhd**.** *(Note 1)*	100%
➢ Television Airtime Services Sdn. Bhd.	51%
DISCONTINUED OPERATIONS	
➢ Be Top Group Limited ("**Be Top**") *(Note 2)*	100%
Subsidiary of Be Top Group Limited	
➢ Top Textile (Suzhou) Co., Ltd.	100%

Note 1 *The entire equity interest in Gorgeous Goldhill Sdn. Bhd. was disposed to Dato' Soo Sze Ching ("**Dato Soo**") following a share sale agreement entered into between Pertama Digital Berhad ("**Pertama Digital**" or "**Company**") and Dato' Soo on 28 August 2020. The disposal was completed on 1 September 2020 and accordingly, GGSB has ceased to be a subsidiary of Pertama Digital.*

Note 2 *On 21 August 2020, shareholders of Pertama Digital approved the disposal of the entire equity interest in Be Top ("**Disposal**") to Gifted Investments Limited ("**GIL"**), at an extraordinary general meeting held in Kuala Lumpur.*

*On 21 September 2020, the Company announced that tranche 1 share sale has been completed in accordance with the terms set out in the Disposal share sale agreement and supplemental share sale agreement ("**Tranche 1 Completion**"). Accordingly, Pertama Digital owns 78.5% of the issued shares in Be Top after Tranche 1 Completion.*

PROFILE OF THE BOARD OF DIRECTORS

DATUK DR. NG BEE KEN 拿督黄美锦博士
Independent Non-Executive Chairman
Male, 65 years old
Malaysian

Datuk Dr. Ng Bee Ken ("**Datuk Dr. Ng**") was appointed to the Board on 27 January 2006. Datuk Dr. Ng is the Chairman of the Board of Directors and the Audit Committee. He is also a member of both the Nominating Committee and the Remuneration Committee.

Datuk Dr. Ng holds a Bachelor of Law (Honours) from the University of Wales, Cardiff, Wales and a Master of Laws from King's College, University of London. He is also a Barrister-at-Law of Lincoln's Inn, London, an Advocate & Solicitor of the High Court of Malaya and a Certified Mediator of the Malaysian Mediation Centre. He has been practicing as a lawyer since 1987 and is presently the Managing Partner of a law firm.

Datuk Dr. Ng also holds Doctor of Divinity, a Master of Science (Corporate Communication) from Universiti Putra Malaysia and is an Associate of the Association of Costs and Executive Accountants, England.

Datuk Dr. Ng also sits on the Board of Widetech (Malaysia) Berhad, Talam Transform Berhad, OpenSys (M) Berhad and Yong Tai Berhad. He is also the local representative Independent Non-Executive Director of Glencore Recycling Inc. (Malaysia) Sdn. Bhd., whose parent company is listed in London, Hong Kong and Johannesburg. Glencore is one of the world largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities.

Datuk Dr. Ng attended all six (6) Board meetings held in the financial year ended 30 June 2020.

PAN DING 潘鼎
Group Managing Director / Executive Director
Male, 55 years old
Citizen of the People's Republic of China ("**China**")

Mr. Pan Ding was appointed to the Board on 3 June 2010. He graduated with a Diploma in Mechanical Manufacturing and Machinery Engineering from Suzhou Vocational University. He is the co-founder of Be Top Group Limited and its wholly-owned subsidiary company, Top Textile (Suzhou) Co., Ltd. (collectively "**Be Top Group**"), a fabric production company based in China. He has over twenty years of experience in the fabric industry and is currently responsible for the formulation and execution of the overall business strategies of Be Top Group.

He is the brother of Mr. Pan Dong, an executive director of Pertama Digital.

Mr. Pan Ding attended all six (6) Board meetings held in the financial year ended 30 June 2020.

TUN DATO' SERI ZAKI BIN TUN AZMI
Independent Non-Executive Director
Male, 74 years old
Malaysian

Tun Dato' Seri Zaki Bin Tun Azmi ("**Tun Zaki**") was appointed as an independent non-executive Director of Pertama Digital on 21 April 2020.

Tun Zaki read law in Lincoln's Inn, London and obtained a Barrister-at-Law Degree in 1969. He joined the Malaysian Judicial and Legal Services as a Magistrate and was later transferred to the Attorney General's Chambers where he held several positions for 15 years before going into private legal practice. While in private practice, Tun Zaki served on the boards of PETRONAS and several public listed companies (as well as chairman or member of Board Audit Committees), including Malaysia Airports Holdings Berhad and SP Setia Berhad.

He was then elevated to the bench as a Federal Judge for a few months before being appointed as the President of the Court of Appeal, the second highest judicial office. In 2008, he was appointed as the 12th Chief Justice of Malaysia. He also holds the distinction of being appointed as the first Chairman of the Judicial Appointment Commission until his retirement as Chief Justice in September 2011. Subsequently, Tun Zaki was appointed as Chief Justice of the Dubai International Financial Centre Courts in November 2018.

Tun Zaki continues to contribute to corporate Malaysia through his chairmanship of the board of Astro Malaysia Holdings Berhad. He is also the Chancellor of both Multimedia University and MAHSA University as well as Pro-Chancellor of Universiti Sains Islam Malaysia.

Tun Zaki attended one (1) Board meeting held in the financial year ended 30 June 2020, which was the only Board meeting held since his appointment to the Board.

PAN DONG 潘東
Executive Director
Male, 50 years old
Citizen of the People's Republic of China ("**China**")

Mr. Pan Dong was appointed to the Board on 3 June 2010 and is the co-founder of Be Top. He graduated with a Diploma in Economics Management from the Continuing Education Institute of Suzhou University. Prior to the formation of Be Top, Mr. Pan Dong has close to twenty years of experience in the fabric production industry in China. He is currently overseeing the Be Top Group 's fabric production operations, marketing, quality control, public relations and technology. He is the brother of Mr. Pan Ding, the Group Managing Director.

Mr. Pan Dong attended five (5) out of six (6) Board meetings held in the financial year ended 30 June 2020.

LOW YAN SEONG 刘延祥
Independent Non-Executive Director
Male, 48 years old
Malaysian

Mr. Low Yan Seong ("**Mr. Low**") was appointed to the Board on 28 June 2010. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Mr. Low qualified as a Fellow of the Association of Chartered Certified Accountants (FCCA) in June 2005. He has extensive experience in financial management and reporting, financial due diligence and investors relations in various industries. Mr. Low began his professional career with an international accounting firm in Malaysia and held a position with Deloitte & Touche ("**Deloitte**") Singapore office since 1998. He joined Deloitte's Beijing office in 2004 and subsequently joined a public listed company in Singapore as Chief Financial Officer, before assuming positions in various appointments in The People's Republic of China. He was the Chief Financial Officer of China Green Material Technologies, Inc. until October 2012. He then joined a corporate advisory firm, Capital360 Investment Management Center as Partner. Mr. Low attended all six (6) Board meetings held in the financial year ended 30 June 2020.

WAN KAMARUL ZAMAN BIN WAN YAACOB
Independent Non-Executive Director
Male, 65 years old
Malaysian

Encik Wan Kamarul Zaman Bin Wan Yaacob ("**Encik Wan**") was appointed to the Board on 28 June 2010. He is the Chairman of the Remuneration Committee and a member of the Audit Committee.

En. Wan holds a LLB (Hons) Degree from the University of London and CLP (Malaya) as well as an M.Sc (A.Econs) and B.Sc. Degree from Louisiana State University, USA.

He was a banker for more than 20 years and has worked with several financial institutions in Malaysia. During his tenure in the financial services industry, he was involved in corporate finance and advisory work, corporate banking and loan syndication, treasury as well as the corporate bonds/sukuks and the private debt securities market. After leaving the financial services industry, he joined a legal firm, Messrs Abu Talib Shahrom, as Partner.

Encik Wan attended all six (6) Board meetings held in the financial year ended 30 June 2020.

Notes:

- None of the Directors have been convicted for any offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Save as disclosed above, none of the Directors have any family relationship with any Director and/or substantial shareholder of the Company.
- None of the Directors have any conflict of interest with the Company.
- Save as disclosed above, none of the Directors sit on the Board of any other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT

PAN DING 潘鼎
Group Managing Director / Executive Director
Male, 55 years old
Citizen of The People's Republic of China

Mr. Pan Ding was appointed to the Board of Top Textile (Suzhou) Co., Ltd. ("**Top Textile**") on 13 March 2006 and hold office in Top Textile since then until to date.

He graduated with a Diploma in Mechanical Manufacturing and Machinery Engineering from Suzhou Vocational University. He is the co-founder of Be Top Group Limited, the holding company of Top Textile (Suzhou) Co., Ltd. (collectively "**Be Top Group**"). Be Top Group is primarily involved in the fabric production business and based in China. He has over twenty years of experience in the fabric production industry and is currently responsible for the formulation and execution of the overall business strategies and policies of Be Top.

He is the brother of Mr. Pan Dong, a Director of Top Textile.

PAN DONG 潘東
Executive Director
Male, 50 years old
Citizen of The People's Republic of China

Mr. Pan Dong was appointed to the Board of Top Textile on 13 March 2006 and hold office in Top Textile since then until to date.

Mr. Pan Dong graduated with a Diploma in Economics Management from the Continuing Education Institute of Suzhou University. He is the co-founder of Be Top Group. Prior to the formation of Be Top Group, Mr. Pan Dong has close to twenty years of experience in the fabric production industry in China. He is currently overseeing Be Top Group's production operations, marketing, quality control, public relations and technology, leveraging on his experience in the industry.

He is the brother of Mr. Pan Ding, a Director of Top Textile.

Notes:

- None of the key senior management has been convicted for any offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Save as disclosed above, none of the key senior management has any family relationship with any Director and/or substantial shareholder of the Company.
- None of the key senior management has any conflict of interest with the Company.

CHAIRMAN'S STATEMENT

Dear valued shareholders,

On behalf of the Board of Directors of the Company ("**Board**"), I am pleased to present to you the Annual Report for the financial year ended 30 June 2020.

The past financial year has been a busy, eventful and fruitful year for the Company. In line with the Company's pivot from the textile business into the mobile and digital field, Tun Dato' Seri Zaki Bin Tun Azmi was appointed as an independent non-executive director on 21 April 2020. As the 12^{th} Chief Justice of Malaysia, Tun Zaki is renowned for successfully resolving age-old backlog problems faced by the Malaysian courts, ensuring almost all new cases are resolved within 9 months of registration, the fastest in any common law country. Tun Zaki, himself a savvy user of the latest technology, is an ardent supporter of efficiency and digitalisation of government services. His wisdom and experience will serve the Company well as we carve our mark in the digital space. On behalf of the Board, I welcome Tun Zaki to the Company.

Tun Zaki's appointment was timely, as shortly after, on 22 May 2020, the Company completed the acquisition of 51% equity interest in Television Airtime Services Sdn. Bhd. ("**TAS**") ("**TAS Acquisition**"), which will be briefed below.

REVIEW OF BUSINESS OPERATIONS

The Group Managing Director and executive director of Pertama Digital, Mr Pan Ding ("**Mr Pan**"), will brief matters relating to updates on the Group's business performance, review of operating environment and the Group's strategic direction, moving forward.

CORPORATE GOVERNANCE

On the corporate governance front, it remains on the Board's agenda to conform to corporate governance best practices. The Board concurs that the nurture of culture and these best practices are to be internalized in the Group's policies and procedures for thorough compliance. In fact, good corporate governance without compromise is one of the core values in the Group's corporate culture.

BOARD OVERSIGHT

The Group is currently steered by a Board of Directors ("**Board**") which has dutifully carried out fiduciary oversight on the corporate matters that are currently progressing, with due consultation from the team of professionals who are members of the due diligence working group.

OTHER CORPORATE GOVERNANCE BEST PRACTICES

The Board maintains its stand on the segregation of duties and power, which the roles of Chairman and Group Managing Director are being held by different individuals. Segregation of these top positions in the Group balances power and provides an effective check and balance mechanism within the Board when the respective members are carrying out their fiduciary duties. It is consistent to the Group's determination to apply principles of good corporate governance.

WORDS OF APPRECIATION

The Board continues its support and expresses gratitude towards the executive directors who had contributed efforts in managing the Group's business operations.

To all my fellow Board members, I thank you for all your unwavering support and contribution of ideas throughout the year in guiding the Group. Lastly, I would like to express our sincere appreciation to all shareholders and stakeholders for their patience and faithful support during this transitional period into the exciting future of digitalisation.

Yours truly,
Datuk Dr. Ng Bee Ken
Independent Non-Executive Chairman

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MANAGING DIRECTOR'S STATEMENT 董事经理献词

Dear esteemed shareholders
尊敬的股东大家好

I am pleased to present the Managing Director's Statement to shareholders of the Company about the past financial year and future outlook of the Group. This time around, the Company has adopted its new name, Pertama Digital Berhad to signify a new milestone in its history.
我很荣幸为易名为 Pertama Digital Berhad 的前顶峰控股集团有限公司(“公司”）的股东们在新的一个里程碑发表董事经理献词, 向各位股东汇报公司在过去一年的概况以及公司和集团未来展望。

OVERALL CORPORATE DEVELOPMENT

The Group achieved a significant milestone during the financial year ended 30 June 2020. It has successfully completed the TAS Acquisition in May 2020. Through TAS, the Group rides on a well-established player of 20 years' experience in the growing mobile and digital industry i.e. DAPAT Vista (M) Sdn. Bhd. ("**DAPAT**"). Moving forward, Pertama Digital will invest in, and nurture, great fintech and govtech companies that build impactful solutions in the digital and mobile space.

DAPAT is a tech-driven Malaysian company specialised in mobile technology and digitalisation of government services. It provides solutions in mobile and web apps; mobile payment and messaging; business empowerment Application Programming Interfaces, and other customised digital services.

DAPAT also owns and operates the eJamin and MyPay apps:

- Launched in 2020, eJamin is the pioneer digital bail payment deployed in the ASEAN region. It has reduced the bail payment process from hours to only a few minutes, helping alleviate the stress bailors face in the tensed and difficult situation of posting bail for a loved one. eJamin was developed in compliance with current judicial procedures and banking regulations.

- MyPay is a mobile app that enables secure, easy and fast check-and-pay transactions with government agencies among other features. It uses artificial intelligence to bridge data from government agencies that are relevant to users. It empowers the rakyat to receive bills and reminders; make payments; apply for financing; and other convenient digital services such as financial health check and digital court bail payments (through eJamin). MyPay is protected by bank-level security and complies with data protection laws. It aligns with government efforts towards flexibility as society moves on to low touch, contactless solutions.

The operating environment of Top Textile which is based in China, has been significantly affected by the following major factors in the past one year:

TRADE WAR BETWEEN THE UNITED STATES ("USA") AND CHINA

The prolonged unresolved trade war between USA and China ("**Trade War**") has casted a great deal of pressure on the sales revenue of Top Textile. Our major customers are forced to switch to supply to the domestic market after the export market has been muted resulting from the Trade War.

中美贸易战

中美一直处于僵持状态显著的导致托普纺织销售下降，在贸易战之前主打出口业务的客户只好转战内销市场以弥补每况愈下出口外销。

EFFECT OF THE COVID-19 OUTBREAK

The sudden outburst of COVID-19 in January 2020 has forced the production line of Top Textile into a total halt for one (1) month. The main reason for the production halt were government directives issued to companies to temporarily postpone resumption of operations after the Chinese New Year break to prevent spreading of the pandemic. Apart from that, there were a substantial number of workers who were stranded in their hometown.

新冠肺炎爆发的影响

于 2020 年 1 月爆发的新冠肺炎导致托普纺织停产一个月，停产主要原因是政府禁止企业在疫情高峰期开工， 并且有许多工人在农历新年后因为疫情正处于严重传染爆发期而滞留在外地未能及时回到位于汾湖经济开发区的托普。

UPDATES ON CORPORATE EXERCISES BY PERTAMA DIGITAL GROUP

The Board had taken cognisance of the Trade War that although Top Textile's customers are domestic companies, however the customers of these domestic companies export their products to overseas which include the USA. Hence, the uncertainty arising from the Trade War have adversely impacted the businesses of Top Textile's customers and inevitably Top Textile's business.

集团企业活动进展更新

董事局对于当前中美之间的贸易战也感忧虑, 即便是托普的主要销售客户是国内厂商，然而这些厂商大部分经营出口业务， 出口市场也包括美国，因此目前中美贸易战所处于的胶着状态对托普客户的业务肯定有着负面影响，也进而影响了托普的业务。

In December 2018, the Board has proposed to dispose the production and sale of fabric products segment in China for cash via an open tender exercise ("**Proposed Disposal**"). Decision of the the Proposed Disposal was made in view of the deteriorating financial performance of Top Textile's fabric production and sale business which suffers from eroding profit margin and stiff competition. The Proposed Disposal enables the Company to realise its capital invested in Be Top. On 2 May 2020, the Company entered into conditional share sale agreement with Gifted Investments Limited ("**GIL**") for the disposal of the entire equity interest in Be Top Group Limited ("**Be Top**").

On 21 August 2020, the Proposed Disposal, together with the Proposed Capital Reduction, Proposed Diversification and Proposed Change of Name, as defined in the Circular to Shareholders issued on 30 July 2020, were approved by shareholders of Pertama Digital at the Extraordinary General Meeting held in Kuala Lumpur. The new principal business operations of Pertama Digital will be mobile and digital solutions businesses after the completion of the acquisition of 51% equity interest in TAS and through the 56% joint venture investment in DAPAT held by TAS.

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On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL, being the purchaser of Be Top. Accordingly, tranche 1 share sale has been completed in accordance with the terms set out in the disposal share sale agreement ("**SSA**") and supplemental SSA ("**Tranche 1 Completion**"). Pertama Digital owns 78.5% of the issued shares in Be Top after Tranche 1 Completion.

由于托普的面料生产业务收益一直处于下降趋势，加上行业里剧烈的竞争， 因此董事局建议脱售 Be Top 集团有限公司（ "**脱售项目**" ）; 该脱售项目能实现顶峰集团之前在 Be Top 所投入的资金。随后， 公司的股东们在 2020 年 8 月 21 号举行的特别股东大会上批准了脱售项目.同时也批准削资、业务拓展和易名的提议；随着收购 TAS 51%股份已经在本年度 5 月 22 号完成，通过 TAS 的联营投资公司，Pertama Digital 的新增主营业务是移动和电子商务。脱售项目的第一笔资金已经在 9 月 21 号缴付，目前集团尚持有 Pertama Digital78.5% 股份。

On 15 October 2020, the Company has lodged with the Companies Commission of Malaysia ("**CCM**") the relevant documents pursuant to Section 119 of the Companies Act 2016, to confirm its compliance with the requirements for the Capital Reduction of the Company. As at the issuance date of this annual report, the Company is still awaiting the written confirmation of CCM on the effective date of the Capital Reduction.
目前，公司的削资计划尚在等待公司注册委员会通知其正式生效日期。

OUTLOOK

The Company will update shareholders and the investing public at large from time to time via public domain on the development of the aforementioned corporate proposals.

In this era of digitalisation, I am confident that Pertama Digital's investment in that direction, through the TAS Acquisition, is timely and worthwhile.

Lastly, I would like to express my sincere gratitude to our shareholders for your understanding and continuous support.

展望

Pertama Digital 会通过公众平台向广大股东群体和投资者陆续更新项目的后续发展。随着在本年度 5 月 22 号完成收购子公司后， Pertama Digital 投资新业务的决定和方向是合时并且值得。最后，我对股东们的支持表示衷心的感谢！谢谢大家的理解和支持！

Pan Ding 潘鼎
Group Managing Director 集团董事经理

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis is a review on the Company and the Group and shall be read in conjunction with the audited financial statements.

BACKGROUND

Pertama Digital (formerly known as Sinotop Holdings Berhad) was incorporated on 15 February 1984. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and changed its name with effect from 28 August 2020, being the date of Notice of Registration on Change of Name of Company issued by Companies Commission of Malaysia CCM received on 1 September 2020. The Company has two subsidiaries in the continuing operations segment, as at the current financial year end, namely:

a) Gorgeous Goldhill Sdn. Bhd. ("**GGSB**"), a company wholly-owned by the Group. GGSB is principally involved in the businesses of project management services and infrastructure construction, and
b) Television Airtime Services Sdn. Bhd. ("**TAS**"), in which the Group owns 51% equity interest following the completion of acquisition of 5,865,000 TAS shares on 22 May 2020. TAS is an investment company holding shares and owns 56% equity interest in DAPAT.

Subsequently, after the financial year end, the entire equity interest in GGSB was disposed to Dato' Soo Sze Ching ("**Dato Soo**") following a share sale agreement entered into between the Company and Dato' Soo on 28 August 2020. The disposal was completed on 1 September 2020 and accordingly, GGSB has ceased to be a subsidiary of Pertama Digital.

Whereas in the discontinued business segment, the Group is in the process of disposing the entire equity interests in its wholly-owned subsidiary, Be Top Group Limited and its wholly-owned subsidiary, namely Top Textile (Suzhou) Co., Ltd. ("**Disposal**") ("**Disposal Group**"). The Disposal was approved by shareholders of the Company in the Extraordinary General Meeting held on 21 August 2020.

On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL, being the purchaser of Be Top. Accordingly, tranche 1 share sale has been completed in accordance with the terms set out in the disposal share sale agreement ("**SSA**") and supplemental SSA ("**Tranche 1 Completion**"). The Company owns 78.5% of the issued shares in Be Top after Tranche 1 Completion.

PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

As at the issuance date of this annual report, the principal business operations of the Group are as follows:

Name of Company	Principal Business Activities
CONTINUING OPERATIONS	
Subsidiary of the Company	
Television Airtime Services Sdn. Bhd.	Investment holding
DISCONTINUED OPEFRATION	
Be Top Group Limited	Investment holding
Subsidiary of Be Top Group Limited	
Top Textile (Suzhou) Co., Ltd.	Investment holding, production of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn

SUBSIDIARY ACQUIRED DURING THE FINANCIAL YEAR

BACKGROUND

On 22 May 2020, the Company has completed its acquisition of 5,865,000 shares in TAS which entails the Company owning 51% equity interest in TAS, a private limited company principally being an investment holding company. As at the reporting date, TAS owns 56% of equity interest in DAPAT, a company principally involved in the development, operations and maintenance of mobile messaging and mobile payment applications for government electronic services.

DAPAT commenced operations in 2000 as a premium content provider via short messaging system ("**SMS**") for major broadcasting stations and print media organisations in Malaysia. In 2003, DAPAT expanded into mobile data services. In 2004, DAPAT was issued the Application Service Provider Class License by the Malaysian Communications and Multimedia Commission for the provision of mobile internet messaging solutions utilizing SMS and wireless application protocol as the base platforms. In the same year, DAPAT commenced developing the SMS RakanCop service where individuals can make a real time report of an incident by sending an SMS to the 32728 shortcode. DAPAT has been working closely with the Malaysian Administrative Modernisation and Management Planning Unit ("**MAMPU**"), the Government secretariat for public service administration modernisation and innovation initiatives, leading to a contract award in 2008 for the development of mySMS based on the 15888 shortcode.

Subsequently on 16 December 2011, DAPAT secured from MAMPU a build/operate/own ("**BOO**") contract (with an initial consideration of RM2.30 million in 2011). The scope includes: mySMS 15888 portal for government SMS communications; USSD (interactive SMS) services (myUSSD *158#); MMS portal (myMMS); various mobile applications (myApp); a one-stop portal called myMobile; and government payments app called myPay (now known as MyPay). This BOO contract allows DAPAT to access and develop small application and connection services for more than 370 Government agencies and departments in Malaysia. Based on these track records. DAPAT is well positioned to support Malaysia's efforts to be more digitally enabled arising from its 12 years long standing and established business relationships with the Government ministries and agencies for whom DAPAT has developed mobile messaging and mobile payment application, and continues to operate and maintain till today.

The BOO contract was extended until 17 August 2018, after which the government policy was to decentralise the management of this arrangement on the government side (ownership of the products, especially MyPay, remain with DAPAT). On 16 May 2018, MAMPU communicated with the more than 370 Government agencies in endorsing DAPAT as the vendor for e-government services after the decentralisation.

In 2012, DAPAT ventured into the development of mobile payment applications and launched MyPay 1.0, then a cash register for users to access Government-related services. Subsequently in 2014, DAPAT developed AppGen, a user-friendly tool for Government agencies to conceive, create, manage, test, collaborate and share their mobile applications. For better public access, DAPAT further developed a portal to host the mobile applications of Government agencies under one official application store, namely the Galeri Aplikasi Mudah Alih Kerajaan Malaysia (GAMMA). In 2015, DAPAT revamped, rebranded and relaunched Malaysia's open data portal (data.gov.my) as a common platform for easy public access to Government open data sets.

Subsequent to product development and enhancement, DAPAT relaunched the improved MyPay 2.0, a government digital service platform, in August 2019. MyPay aims to offer a one-stop platform for all queries and payment-related transactions with Government agencies in Malaysia. The key areas of services that MyPay 2.0 cover include information retrieval and payment for driving license expiry and polling station location for general elections, National Higher Education Fund Corporation ("**PTPTN**") student loans, local council and police summons, assessment and quit rent, and insolvency.

In August 2019, DAPAT relaunched the improved MyPay 2.0, which aims to offer a one-stop platform for all queries and payment-related transactions with Government agencies in Malaysia. Currently, DAPAT has rolled out MyPay 2.0 services for 17 Government ministries and agencies including the Polis Diraja Malaysia ("**PDRM**"), PTPTN, Road Transport Department Malaysia, Majlis Perbandaran Subang Jaya ("**MPSJ**"), Majlis Bandaraya Petaling Jaya ("**MBPJ**") and Election Commission of Malaysia ("**EC**").

DAPAT is a tech-driven Malaysian company specialised in mobile technology and digitalisation of government services. It provides solutions in mobile and web apps, mobile payment and messaging, business empowerment Application Programming Interfaces and other customised digital services.

KEY MANAGEMENT PERSONNEL

Upon completion of the TAS Acquisition, the vendor Sabri Ab Rahman ("**SAR**") now owns 4.26% shareholding, as a strategic shareholder who continues to spearhead the business and operations of TAS Group. SAR being the founder of both TAS and DAPAT, as well as being the executive director of DAPAT, has over 30 years of experience across multiple industries including banking and finance, automobile, outdoor advertising, television programme production and distribution, trading, sales and broadcasting since his graduation in 1981. He is supported by the Chief Technology Officer of DAPAT, Raja Irwan Shah Raja Bin Raja Hassan ("**Raja Irwan**"), who has nine years of experience in software engineering, data analytics and entrepreneurship. Raja Irwan heads a team of ten engineers. Khairul Amanda Sabri ("**Amanda**") plays a pivotal role in the visionary and operations advisory aspects of DAPAT even prior to her appointment as the Chief Executive Officer ("**CEO**") of DAPAT. Amanda shares with DAPAT her in-depth operations experience in the digital space. She has dived into her entrepreneurial passion since her early 20s in e-commerce, food and beverage, the digital market for property rentals as well as artificial intelligence and big data analytics.

PROGRESS AND ACHIEVEMENT

DAPAT launched its digital bail payment solution, eJamin, on 13 January 2020 and targeted to implement eJamin in all criminal courts in Malaysia by end of 2020. Instead, by June this year and within a span of less than six months since eJamin was launched, DAPAT successfully implemented in all 118 criminal courts in Malaysia, six months ahead of schedule despite the COVID-19 restrictions. With the COVID-19 precautions against close contact, eJamin helps courts and the public at large to continue carrying out essential criminal court bail payment procedures through a contactless digital solution that also avoids crowds in queues.

OUTLOOK

Mobile technology is growing and evolving at an overwhelming pace. The rapid development of mobile and digital communications in Malaysia has led to high population coverage and penetration rates. The Government of Malaysia ("**Government**") has embraced the information technology ("**IT**") sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes to drive further the sector and pave the way for the adoption and integration of IT solutions by enterprises across the nation. The IT sector is expected to gain greater momentum, driven by the convergence of industries and commercial activities due to digitalization.

The imposition of the Movement Control Order and its variations (collectively known as "**MCO**") by the Government in response to COVID-19 pandemic bodes well for the growth of e-payments, resulting in increased subscriptions and transactions from individual and business users who remain indoors to comply with the MCO. The MCO augurs well to the mobile and digital solutions business of the Group through DAPAT.

In a media release issued recently on 1 October 2020, the CEO of DAPAT, Amanda, cited that based on the week-on-week average growth rate of 15.7% in the eJamin bail collection, DAPAT is upbeat on the prospect of capturing an estimated 80% of the RM2 billion to RM3 billion bail payment volume over the next year (2021) and to record an estimated RM1.6 billion bail collections per annum, calculated based on the estimated annual volume of RM2 billion bail payment.

Meanwhile, the jewel in Pertama Digital's B2C push in 2021 is DAPAT's MyPay mobile app, a government digital service platform, which offers secured, easy and fast check-and-pay transactions with government agencies, among other features. MyPay is a smartphone app with a payment gateway built into it. The key areas of services that MyPay covers include information retrieval and payment for driving licence expiry, polling station location for general elections, PTPTN, local councils and police summons, assessment and quit rent, and insolvency.

This report contains forward-looking statements. While every care has been taken in good faith to ensure that there are reasonable grounds as at the reporting date for those statements to be made, actual results may materially diverge from those statements whether positively or negatively.

GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR/PERIOD ENDED		June 2020[&]	June 2019[&]	June 2018*	Dec 2016	Dec 2015
Revenue	(RM'000)	102,538	126,112	217,506	172,153	185,629
Continuing	(RM'000)	8,651	16,236	n.a.	n.a.	n.a.
Discontinued	(RM'000)	93,887	109,876	n.a.	n.a.	n.a.
Profit/(Loss) Before Taxation	(RM'000)	(1,590)	(72,421)	2,590	4,264	4,010
Continuing	(RM'000)	(825)	(1,011)	n.a.	n.a.	n.a.
Discontinued	(RM'000)	(765)	(71,410)	n.a.	n.a.	n.a.
Profit/(Loss) After Taxation - Attributable to equity holders of the Company and Non-controlling interests	(RM'000)	2,073	(73,867)	122	2,033	2,083
Continuing	(RM'000)	(851)	(1,097)	n.a.	n.a.	n.a.
Discontinued	(RM'000)	2,924	(72,770)	n.a.	n.a.	n.a.
Earnings/(Expense) per share	(sen)			0.02	0.10	0.11
Continuing	(sen)	(0.23)	(0.28)	n.a.	n.a.	n.a.
Discontinued	(sen)	0.73	(18.43)	n.a.	n.a.	n.a.
Net asset	(RM'000)	128,016	106,134	182,251	223,474	226,801
Net asset per share	(sen)	32.08	26.88	46.15	11.32	11.49

KEY RATIOS

Return on equity #	1.62%	-69.60%	0.07%	0.91%	0.92%
Return on assets @	1.20%	-52.34%	0.06%	0.87%	0.87%
Debt to equity ^	6.1%	n.a.	n.a.	n.a.	n.a.

* *18-month statistics pursuant to the change of financial year end from 31 December 2017 to 30 June 2018 and thereafter on 30 June in the ensuing years.*

& *The distinction between continuing and discontinued financial information is applicable to results for the financial years ended 30 June 2019 and 30 June 2020 due to the disposal of Be Top Group Limited and its wholly-owned subsidiary, Top Textile (Suzhou) Co., Ltd. which has not been completed.*

\# *Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Equity attributable to Equity Holders*
@ *Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Assets*
^ *Based on Total Borrowings expressed as a percentage of Total Equity attributable to Equity Holders*

SUSTAINABILITY STATEMENT

PREFACE

The Sustainability Statement is drawn up in accordance with Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Sustainability Statement is a narration on the Group's direction and management of material risks and opportunities in the aspects of economic, environmental and social.

a) Bursa Malaysia Sustainability Reporting Guide;
b) Corporate Governance Guide (Third Edition) released by Bursa Securities;
c) Part A of Appendix 9C (paragraph 29); and
d) Practice Note 9.

IDENTIFICATION OF KEY SUSTAINABILITY ASPECTS

The Group identified there (3) broad categories sustainability aspects, performed sustainability assessment and evaluated the impact of each issue:

a) Economic sustainability
b) Environmental sustainability
c) Social sustainability

KEY SUSTAINABILITY ASPECTS

Sustainability Aspect	Identified Issues
a) Economic sustainability	▪ Expansion of the Group's core business to mobile and digital solutions businesses for earnings and growth sustainability ▪ Exploring opportunities in the expansion of earnings accretive businesses for sustainability in earnings growth
b) Environment sustainability	▪ Optimisation of resource consumption
c) Social sustainability	▪ Work safety ▪ Talent development and retention ▪ Workers welfare schemes

MEASURES AND STEPS TAKEN BY THE GROUP TO DEAL WITH THE IDENTIFIED ISSUES

The Group has the following measures to face challenges identified above:

ECONOMIC SUSTAINABILITY

	Measures taken to counter these issues
Earnings sustainability	▪ Expansion of business activities from the existing investment holding, project management and infrastructure construction businesses to include mobile and digital solutions businesses achieved via the acquisition of 51% equity interest in TAS, which in turn holds 56% equity interest in DAPAT which provides mobile value-added services.
Earnings growth sustainability	▪ Plans of increasing the stake in DAPAT as detailed in the sale and purchase agreement signed between TAS and Heitech Padu Berhad which eventually when completed enables the Group to have larger share of profits in DAPAT.

- Expansion of services provided by DAPAT in the mobile and digital payment segment

ENVIRONMENTAL SUSTAINABILITY

	Measures taken to counter these issues
Resources sustainability	▪ The digital payment applications and platforms in DAPAT's business model are environment-friendly products and services. The digital payment services enable time, human resource, energy/natural resources (mainly fuel, electricity and paper) being saved to a very large extent, achieved through the significant cut of lengthy procedures compared to the conventional mode of payment. ▪ A good example of contribution towards resources sustainability by the Group would be the use of eJamin Application by surety in making bail payments to criminal courts as opposed to the conventional mode of payment which requires physical appearance of the surety at courts and banks.

SOCIAL SUSTAINABILITY

	Measures taken to counter these issues
Skilled & experienced staff	▪ Recruitment and retention of talents in the Group ▪ Continual talent development provided to staff of the Group ▪ Adherence to Guidance on occupational safety as per the Best Practices on Occupational Safety and Health in Construction Industry 2019 issued by the Department of Occupational Safety and Health, Ministry of Human Resources.

The Group has outlined a Corporate Social Responsibility ("**CSR**") Policy adopted by the Board, which are subject to review from time to time to adapt to the prevailing situation and keep up with current development. The CSR policy can be found at the Company's website at www.sinotop.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board continues to comply with requirements of good corporate governance practices which is a fundamental responsibility as a listed company. A well-preserved corporate governance environment is instrumental in preserving stakeholders' interests and enhancing shareholders' value. The Board is aware of and strives to incorporate values of recommended corporate governance practices in the Group.

Requirements as prescribed in the following guidelines in relation to corporate governance aspects are referred to in enhancing the existing corporate governance structure of the Group:

i) Corporate Governance Guide (Third Edition) ("**CG Guide**") issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**") bearing the title Corporate Governance: Moving from Aspiration to Actualisation
ii) Malaysian Code on Corporate Governance ("**MCCG**") issued by Securities Commission Malaysia ("**SC**")
iii) Corporate Governance Monitor issued by SC

In addition to this Corporate Governance Overview Statement, the Company has also completed a Corporate Governance Report that has been submitted together with this Annual Report (collectively referred to as "**Reports**") on the website of Bursa Securities. The Reports are also accessible on the investor relation page of www.sinotop.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD FUNCTIONS AND RESPONSIBILITIES

The principal functions of Board are summarised as follows:

a) perform fiduciary duties of care and diligence to safeguard the interests of various stakeholders
b) assume the stewardship role in steering the direction of the Group
c) oversee the conduct of business and supervise management in the implementation of strategic plans
d) assess and deliberate on proposals presented by key management personnel
e) review and assess risk factors that the Group faces (identified by the management) and risk management measures to mitigate or manage the risk factors identified
f) ensure the integrity of the Group's financial statements and financial information
g) establish a sound risk management and internal control system
h) review the succession planning of the Group's key personnel

The Company's Board Charter which was last reviewed by the Board on 21 October 2020 is accessible at www.sinotop.com.my.

BOARD COMMITTEES

Board committees are established to assist the Board in the oversight of specific aspects of the Company, as indicated by the name of each Board committee. Currently there are three (3) Board committees being established in Pertama Group, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively referred to as "**Committees**").

The Committees are granted with full authority to investigate any matter within their scope of responsibility that are within the terms of reference of each committee. Board Committees are entitled to engage independent professionals to advise members in the Board Committees to discharge their duties. The engagement of external professionals is at the cost of the Company.

The functions, roles and responsibilities of the AC are presented in the Audit Committee Report while other Committees' roles and responsibilities are detailed in this Statement.

NOMINATING COMMITTEE

The NC is delegated with the responsibility of talent management for the Group. NC comprises solely of independent non-executive directors.

CHAIRMAN

Low Yan Seong	Independent Non-Executive Director

MEMBER

Datuk Dr. Ng Bee Ken	Independent Non-Executive Chairman

PRINCIPAL RESPONSIBILITIES OF NC

a) Matters relating to the nomination of Board members, members of Board Committees, Company Secretary and senior management
b) Review annually the term of office and performance of the AC and its members
c) Annual assessment of the Board, its members, composition and effectiveness

NOMINATION POLICY

The key role of the NC is to assist the Board to review and assess suitability of candidates to be appointed as Board members.

A formal nomination policy has been drawn up by the Company to assist the NC in the nomination criteria and process. The nomination policy is accessible on the Company's website at www.sinotop.com.my.

PROCESS AND PROCEDURE OF DIRECTOR(S) NOMINATION

Directors nomination of the Group will go through the cycles of standard required procedures before the NC could recommend to the Board on appointment of new directors.

The standard procedures start from assessment from various perspectives including its current composition, adequacy in terms of Board members background diversity that are able to provide meaningful insights to the Board as a whole.

Thereafter, the NC will focus on assessing the candidate(s) suitability from different angles, including but not limited to professional background and industry exposure and track record on competency. After going through all due consideration and deliberations, the NC will put forth its recommendation to the Board for deliberation and approval.

GENDER DIVERSITY IN BOARD ROOM

The Group supports recommendation in MCCG on gender diversity in Board composition and adopted a gender diversity policy. The Group will place emphasis on suitability of candidates for directorship and senior management posts, rather than purely selecting based on any specific gender preference, so as to consider the appointment of lady director(s) or senior management staff when there are suitable candidates. Nevertheless, the Group upholds the spirit of appointing directors to serve the Board based on merits and experience of the candidates without bias on race, age or gender. The same spirit applies when employing senior management staff of the Group.

SUMMARY OF ACTIVITIES OF THE NC

Below are activities carried out by the NC during the financial year ended 30 June 2020:

a) Review of the proposed appointment of Tun Zaki as an independent non-executive director of the Company and made recommendation to the Board for approval of the appointment
b) Review of the mix of skill and experience and other qualities of the Board
c) Annual assessment of the Board performance and effectiveness
d) Annual assessment of the independence of Independent Directors
e) Discussion of the Company's Directors' retirement by rotation

The criteria used in the independence assessment mentioned above are based on requirements and definition in the Main Market Listing Requirements ("**MMLR**"). The NC has received confirmation letters from the independent directors confirming their independence and the exercise of independent judgment and that they have been able to act impartially in the best interest of the Company.

Based on the following points, the NC reported to the Board that to the best of its knowledge, all the independent directors were free from influence that could have affected their ability and willingness to exercise impartial professional judgment in deliberation of issues:

a) all independent directors fulfilled the definition of independent director as set out in MMLR
b) all the independent directors have given a written confirmation to the Board confirming their independence
c) all independent directors had acted independently free from the management and had no business relationship with the Company, its subsidiaries and joint ventures

BOARD MEETINGS

Board meetings are avenue for Board members to gather and deliberate on strategic, compliance, risk management and internal control issues relating to the Group. The Board meets up at least once every quarter for these purposes, and to be updated on strategic plans from management. There were six (6) Board meetings held during the financial year ended 30 June 2020.

The summary of attendance of each Director is as follows:

Directors	Number of Meetings Attended
Datuk Dr. Ng Bee Ken	6/6
Pan Ding	5/6
Tun Dato' Seri Zaki Bin Tun Azmi *(Appointed on 21 April 2020)*	1/6 (full attendance)
Pan Dong	5/6
Dato' Soo Sze Ching *(Resigned on 9 June 2020)*	5/6
Low Yan Seong	6/6
Wan Kamarul Zaman Bin Wan Yaacob	6/6

FREQUENCY OF BOARD MEETINGS ACCESS TO AND SUPPLY OF INFORMATION BY BOARD MEMBERS

The Board meets at least four (4) times a year to deliberate on strategic, control and risk management issues. Senior management of the Group, who are responsible in determining the strategic direction of the Group will table business plans (e.g. diversification) to the Board. The Board will then examine business plans tabled and evaluate these plans from perspective such as the congruence of goals (of strategic plans and the Group's), alignment of the Group's strategic direction vis-à-vis direction of business plans proposed by executive directors (who are managers of the Group's businesses).

OTHER NON-ROUTINE BOARD MEETINGS

Under exceptional situation, the Board meets at appropriate times when circumstances warrant the call for meetings. All Directors are furnished with board papers that contain information of the agenda to be tabled at Board or Board Committee meetings. The Board/meeting papers will provide information relating to issues to be deliberated by the directors.

INVITEES TO BOARD MEETINGS

The Board invites management staff and auditors, when necessary, to attend Board meetings furnish clarifications on issues that may be raised by the Directors on issues tabled to them. The Board has direct access to senior management staff to obtain complete.

BOARD INDEPENDENCE AND EFFECTIVENESS

Board independence is essential in promoting Board effectiveness as an effective Board requires adequate check and balance mechanisms to assess strategic plans tabled by executive directors to the Board.

BOARD INDEPENDENCE

The roles of independent non-executive Chairman and Group MD are held by separate individuals, with clear division of responsibilities and authorities. The Board is made up of two (2) executive and four (4) independent non-executive directors as at the date of this annual report. This structure of Board will uphold Board independence and effectiveness, establish a major check and balance mechanism.

BOARD EFFECTIVENESS

The presence of independent non-executive directors on Board ensures effectiveness of the Board as a whole. Below is narration of ways that Board effectiveness is achieved:

Through the presence of independent directors

Independent directors play the following roles in fulfilling their responsibilities to achieve Board effectiveness:

i) evaluate and assess business strategies tabled to the Board;
ii) advise the Board on issues from an objective angle; and
iii) provide constructive feedback to the Board.

The Company's independent directors are professionals in their own right with respectable business exposures, which the Board values and acknowledges that it has benefited greatly from advices and feedback it receives.

Role of the independent non-executive Chairman

The independent non-executive Chairman plays the primary role of leading the Board in discharging its fiduciary duties. Chairman of the Board ensures Board meeting agenda are carried through accordingly so that issues are updated to Board members, adequately deliberated and properly addressed to.

In addition to assuming a steering role in Board meetings, the Chairman also serves as the bridge between the Board and management of the Company or its subsidiaries, external advisors and the external auditors. During annual general meetings, Chairman will also assume the role of communication between shareholders and the Company.

Separation of power

Currently, Chairman of the Board is assumed by a seasoned practicing lawyer with exposure in the corporate arena. The positions of the independent non-executive Chairman and Group MD are held by two separate directors.

The segregation of the roles ensures balance of power and authority. The independent on-executive Chairman is responsible for the orderly conduct of the Board while the Group MD is responsible in ensuring the effective and efficient running of the Group's business and daily operations, as well as implementation of the Board's decisions. Segregation of positions (the independent non-executive Chairman vis-à-vis Group MD) complies with the recommended best practice in the MCCG.

Independence of non-executive directors

The Independent Directors fulfil the criteria of independence as set out in the MMLR. The Board adopts a policy on annual assessment of independent directors and has undertaken an assessment of independence of the four (4) independent directors for the financial year ended 30 June 2020. The criteria used in assessing the independence of the independent directors are based on definition in MMLR. The Board has received written confirmation of independence from the respective independent directors.

NON-EXECUTIVE DIRECTORS' TENURE OF SERVICE

Under the MCCG, an independent director who served the Board for a cumulative term of more than nine (9) years ("**Term**"), the re-election of such an independent director is subject to the annual approval by shareholders at the annual general meeting.

MCCG provides that after the Term, the independent director may continue to serve on the Board subject to:

a) the re-designation as a non-independent director; or
b) approval granted by shareholders in a general meeting for the independent director to be re-elected/re-appointed and continue to serve on the Board.

LONG SERVICE INDEPENDENT DIRECTORS

As at the date of this annual report, except for Tun Zaki who was appointed to the Board on 21 April 2020, all of the remaining three (3) independent directors of the Company have served on the Board for more than nine (9) consecutive years. Their names and length of services are as follows:

a) Datuk Dr. Ng Bee Ken ("**Datuk Dr. Ng**"), the independent non-executive Chairman who is also Chairman of the Audit Committee and a member of both Nominating and Remuneration Committees, was appointed to the Board on 27 January 2006 and has served the Company for a cumulative term of fourteen (14) years
b) Mr. Low Yan Seong ("**Mr. Low**"), independent director, Chairman of the Nominating Committee and member of both Audit and Remuneration Committees, was appointed to the Board on 28 June 2010 and has served the Company for a cumulative term of ten (10) years
c) Encik Wan Kamarul Zaman ("**Encik Wan**"), independent director, Chairman of the Remuneration Committee and member of the Audit Committee, was appointed to the Board on 28 June 2010 and has served the Company for a cumulative term of ten (10) years

The Board has reviewed and assessed the independence of all three (3) independent directors. The Board opined that their length of service does not in any way jeopardize the exercise of their independent judgement and capability to act in the best interest of the Company. However, as recommended by the MCCG the retention of Datuk Dr. Ng, Mr. Low and Encik Wan shall be tabled for shareholders' approval at the forthcoming AGM.

The Company will seek shareholders' approval to retain them as independent directors based on the following justifications:

a) they fulfil the criteria under the definition of Independent Director as stated in the MMLR
b) all of them are seasoned professionals in their own right and the length of service on Board does not in any way jeopardize their independence

POLICIES

Company policies established and reviewed by Group Corporate Services will be tabled to the Board for review, deliberation and approval from time to time. All corporate policies will be reviewed from time to time to ensure its relevance to the prevailing market conditions of the Group's businesses, corporate governance requirements as well as adequacy in management of risk factors faced by the Company.

COMPANY SECRETARY

The roles of Company Secretary have evolved to encompass the advisory role on compliance to and new development of corporate governance matters, in addition to keeping of statutory records and minutes of meeting (Board and Board committees) and filing of mandatory returns. The Company and the Board is supported by a well-qualified joint-Company Secretary.

Principally, Company Secretary plays the following roles, of which the list is not exhaustive:

a) maintain the statutory records and registers of the Company;
b) ensure all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded
c) ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time
d) update the Board on corporate governance requirements and the actual practices that meet the compliance requirements
e) advise the Board on changes in the Constitution of the Company and requirements of the Companies Act 2016
f) advise the Board/Board committees on the requirements to issue announcements to Bursa Securities pertaining to compliance to or deviation from listing requirements, corporate developments and/or transactions that entail mandatory public announcements

BOARD COMPOSITION

The Company is helmed by a Board comprising members of different background, including seasoned entrepreneurs, ex Chief Justice, corporate law practitioners and corporate finance professional with accounting and auditing exposure. The Board presently comprises two (2) executive directors and four (4) non-executive directors. Such composition complies to the MCCG recommendation that at least half of the Board comprises independent directors.

BOARD MEMBERS

During the financial year ended 30 June 2020, the Board members are as follows:

Director	Designation
Datuk Dr. Ng Bee Ken	Independent Non-Executive Chairman
Tun Dato' Seri Zaki Bin Tun Azmi	Independent Non-Executive Director *(Appointed on 21 April 2020)*
Pan Ding	Group Managing Director / Executive Director
Pan Dong	Executive Director
Dato' Soo Sze Ching	Executive Director *(Resigned on 9 June 2020)*
Low Yan Seong	Independent Non-Executive Director
Wan Kamarul Zaman Bin Wan Yaacob	Independent Non-Executive Director

The Board has an optimum mix of members who are professionals and entrepreneurs. Profile of the Board members is as set out on pages 3 to 5 of this Annual Report.

ANNUAL ASSESSMENT OF BOARD MEMBERS (SELF EVALUATION) AND ASSESSMENT ON PERFORMANCE OF BOARD COMMITTEES

During the financial year ended 30 June 2020, Directors of the Company performed self-evaluation and assessment on the performance of Board Committees. The Board is satisfied over the self-evaluation of Board members that due care has been exercised while Board members were carrying out their fiduciary duties. In addition, MCCG recommends that the Board shall undertake annual assessment of the independence of its independent directors. In line with this recommendation, Pertama Digital has outlined a policy to facilitate procedures for the annual independence assessment of the Group's Independent Directors. The assessment on independent directors for the current financial year ended 30 June 2020 has been duly completed.

DIRECTORS' APPOINTMENT AND RE-ELECTION

In accordance with the provisions of the Constitution of the Company, directors who were appointed during the financial year are required to retire at the Annual General Meeting following his appointment. One-third of the directors for the time being or, the nearest to one-third shall retire from office. An election of directors shall take place each year and that all directors shall retire from office at least once in every three years. All directors who retire from office shall be eligible for re-election.

DIRECTORS' TRAINING

MMLR requires that directors of listed companies are to keep themselves abreast of the relevant development on corporate governance and industrial knowledge that relate to the Group.

ANNUAL TRAINING REQUIREMENTS

The following are training programmes attended by each of the directors during the financial year ended 30 June 2020.

Datuk Dr. Ng Bee Ken	➢ Rethinking – Independent Directors: Board Best Practices ➢ Evaluating Effective Internal Audit Function – Audit Committee's Guide On How To ➢ Corporate Liability under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ➢ Metal Form China 2019 Exhibition ➢ 20th China (Guangzhou) International Spring Industry Exhibition
Tun Dato' Seri Zaki Bin Tun Azmi	➢ An Outside-In Perspective on Astro's Future & Strategic Direction ➢ Anti Bribery ➢ Media Outlook ➢ "Let's get Real" on Anti Bribery ➢ Audit Committee Institute Breakfast Roundtable 2019
Pan Ding	➢ The Application of Artificial Intelligence in Fintech ➢ The Environment Protection Working Group Seminar
Low Yan Seong	➢ Identification of Online Corporate Data and Risk Management by KPMG China
Wan Kamarul Zaman Bin Wan Yaacob	➢ How 5G Going to Change the World ➢ Get Ready for the Current Global Financial Crisis

During the current financial year, Mr. Pan Dong travelled extensively on business trips to and resided in overseas and therefore was unable to attend training programmes. He will do his best to identify training courses that are able to fit into his schedule in overseas.

Nevertheless, the Board have been updated by the Company Secretary from time to time on changes to corporate governance, statutory and regulatory requirements. The Board was also briefed by the External Auditors on changes to the Malaysian Financial Reporting Standards that may affect the Group's financial statements.

GENDER DIVERSITY POLICY AND TARGET

The Company supports the notion that the Board should see some diversity not only on professional specialization of directors and senior management but also their gender. The Company reckons that female directors and senior management will be given an equitable chance if their qualification and professional skills meet the requirements of the Company.

DIRECTORS' REMUNERATION POLICY AND PROCEDURE

The RC is delegated by the Board to handle matters relating to the remuneration of Board members. The Group has drawn up a policy on remuneration of the executive and non-executive directors (collectively known as "**Directors**"). The remuneration policy is drawn up to provide a proper, systematic and documented set of procedures as guidelines for the RC in determining the remuneration packages of Directors.

RC recognizes that for an effective talent management, there is a need to be fair in rewarding the Directors in order to attract, retain and motivate the talents. RC's role is to set remuneration levels which ensure that the Directors are fairly and adequately rewarded for their performance of roles and duties.

The composition of RC is as follows:

CHAIRMAN

Wan Kamarul Zaman Bin Wan Yaacob	Independent Non-Executive Director

MEMBERS

Datuk Dr. Ng Bee Ken	Independent Non-Executive Chairman
Low Yan Seong	Independent Non-Executive Director

FACTORS TO DETERMINE THE REMUNERATION OF DIRECTORS

a) Scope of responsibilities of Directors in accordance with their roles assumed in the Group and/or Company and the degree of complexity of these duties
b) Expertise, professional/industrial background of Directors
c) Management experience of Directors and availability of similar talents as prospective candidates for directorship
d) Performance and contribution of the Directors towards achievement of the Group/Company
e) Market rates of Directors' salary/fees and market practices of other benefits such as payment of allowances, bonuses and benefits-in-kind

DISCLOSURE ON DIRECTORS' REMUNERATION

The remuneration and fees received by the Directors for the financial year ended 30 June 2020 is tabulated as follows:

Received from the Group

Executive Directors	**Salaries & Bonus**	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Pan Ding	481,414	5,000	5,264	491,678
Pan Dong	481,414	3,000	5,264	489,678
	962,828	8,000	10,528	981,356
Independent Non-Executive Directors	**Fee**	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Datuk Dr. Ng Bee Ken	60,000	6,000	-	66,000
Tun Dato' Seri Zaki Bin Tun Azmi *(Appointed on 21.4.2020)*	7,000	1,000	-	8,000
Low Yan Seong	36,000	6,000	-	42,000
Wan Kamarul Zaman	36,000	6,000	-	42,000
	139,000	19,000	-	158,000
Grand total	**1,101,828**	**27,000**	**10,528**	**1,139,356**

Received from the Company

Executive Directors	**Salaries & Bonus**	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Pan Ding	-	-	-	-
Pan Dong	-	-	-	-
	-	-	-	-

Independent Non-Executive Directors	**Fee**	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Datuk Dr. Ng Bee Ken	60,000	6,000	-	66,000
Tun Dato' Seri Zaki Bin Tun Azmi *(Appointed on 21.4.2020)*	7,000	1,000	-	8,000
Low Yan Seong	36,000	6,000	-	42,000
Wan Kamarul Zaman	36,000	6,000	-	42,000
	139,000	19,000	-	158,000
Grand total	**139,000**	**19,000**	**-**	**158,000**

REMUNERATION OF TOP MANAGEMENT

Received from the Group

	Salaries & Bonus	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Pan Ding, Group Managing Director	481,414	5,000	5,264	491,678
Pan Dong, Executive Director	481,414	3,000	5,264	489,678
	962,828	8,000	10,528	981,356

Received from the Company

	Fee	**Allowances**	**Defined Contribution**	**Total**
	RM	RM	RM	RM
Pan Ding, Group Managing Director	-	-	-	-
Pan Dong, Executive Director	-	-	-	-
	-	-	-	-
Grand total	**962,828**	**8,000**	**10,528**	**981,356**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC is responsible in assisting the Board to review the adequacy and integrity of the Group's financial reporting, risk management and internal control systems. The AC reviews all financial statements before recommending the Board for approval. The detailed roles, functions and responsibilities of the Audit Committee can be found on the Terms of Reference on the Company's website www.sinotop.com.my.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges it is crucial for the Group to maintain a sound system of risk management and internal control ("**RMIC**"), which is capable of providing reasonable assurance that the Group's assets and shareholders' investments in the Group are safeguarded. Nonetheless, due its inherent nature, the Group's RMIC system can only provide reasonable but not absolute assurance against material misstatements, fraud or wilful circumvention of rules and procedures.

The Group sets up a risk management and internal control ("**RMIC**") framework to outline in an orderly manner identified risk factors and measures to manage these risks. The RMIC framework is a structured and organised approach to identify and manage appropriately risk factors affecting the Company.

A Statement on Risk Management and Internal Control of the Company is set out on pages 31 to 34 of this annual report.

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

INTERGRITY IN CORPORATE REPORTING

Corporate reporting of the Company primarily comprises of financial results reporting, compliance-related reporting and corporate activities reporting.

Financial Reporting

The Company presents quarterly public financial announcements in accordance with the MMLR. The Board is assisted by the AC in ensuring quality and timely release of financial reports. The Board is responsible to ensure that the financial statements conform to the applicable rules, regulations and accounting standards issued by the Malaysian Accounting Standards Board.

Compliance-related Reporting

Compliance-related reporting mainly concerns matters like announcement on book closure date, entitlement date and status updates on compliance to the public shareholding spread that requires at least 25% of the Company's shares must be held by public.

Others

Corporate activities reporting relate to announcement of plans and progress status updates on corporate exercises of the Company.

Meaningful relationship with shareholders and stakeholders

The Group has outlined a policy on communication as guidelines to handle relationship with various stakeholders and some in particular with shareholders. It uses various channels to promote and enhance shareholders and/or stakeholders communication. Pertama Digital established a Statement on Shareholders' Rights ("**Statement**") which clearly spell out the de-facto rights of shareholders. Salient terms of the said Statement are made accessible for reference at the Company's website, www.sinotop.com.my.

Communication channels with shareholders

The Group utilizes the communication channels such as Bursa Securities website, the Company's corporate website, annual reports, general meetings to engage with shareholders.

OTHER PRINCIPLES

ACCOUNTABILITY AND AUDIT

Accountability as guided by the Code of Business Conduct
A formal Code of Business Conduct ("**CBC**") has been established and mandated for adherence by staff of the Group at all levels. Salient terms of Code of Business Conduct are made available on the Company's website at www.sinotop.com.my.

The CBC is subject to review from time to time to adapt to changes in the internal and external environment, including but not limited to amendments in rules, laws and regulations applicable to the Group and it was last reviewed on 21 October 2020.

RELATIONSHIP WITH AND ASSESSMENT OF THE EXTERNAL AUDITORS

The Board maintains a transparent and formal relationship with the external auditors through the AC. When necessary, the AC meets with the external auditors without the presence of the executive directors and management for feedback of matters regarding the management.

Assessment of the external auditors
The Company has put in place the policies and procedures to assess the suitability and independence of external auditors.

RESPONSIBILITY STATEMENT BY THE BOARD

In the course of preparing the annual financial statements of the Group and the Company, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions in Companies Act 2016 and the MMLR.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Company present a true and fair view of the state of affairs of the Group and the Company as of the end of the reporting period and the results and cash flows for the financial year then ended.

The Directors have also taken the necessary steps to ensure that a reasonably reliable control system ("**System**") is in place for the assets of the Group and the Company to be properly safeguarded. The System is designed with the objectives for the prevention and detection of fraud and other irregularities. Nevertheless, the System, by its inherent nature, can only provide reasonable but not absolute assurance against material misstatements, loss and fraud.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in page 114 of this annual report.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT FEE

The amount of audit fee incurred by the Company and on a group basis during the financial year ended 30 June 2020 are RM41,000 and RM257,000.

NON-AUDIT FEE

The amount of non-audit fee incurred by the Company during the financial year ended 30 June 2020 is RM80,771. The non-audit fees incurred are for the review of Statement on Risk management and Internal Control as well as advisory fees for two corporate exercises, one of which is ongoing while the other has been completed on 22 May 2020. There was no non-audit fee incurred by the subsidiaries.

UTILISATION OF PROCEEDS

Not applicable.

MATERIAL CONTRACTS

The Company had entered into a conditional share sale agreement ("**Disposal SSA**") with Gifted Investments Limited ("**GIL**") on 2 May 2019 to dispose the entire equity interest in its wholly-owned subsidiary, Be Top Group Limited ("**Be Top**") for a total cash consideration of RM70 million.

On 2 August 2019, 2 October 2019 and 2 January 2020, the Company and GIL had mutually agreed to extend the cut-off date for three (3) months to 2 October 2019, 2 January 2020 and 2 April 2020 respectively to facilitate the fulfillment of conditions precedent in the Disposal SSA.

On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL, being the purchaser of Be Top. Accordingly, tranche 1 share sale has been completed in accordance with the terms set out in the Disposal SSA and supplemental share sale agreement ("**Tranche 1 Completion**"). Pertama Digital owns 78.5% of the issued shares in Be Top after Tranche 1 Completion.

RECURRENT RELATED PARTY TRANSACTIONS

There was no recurrent related party transaction that need to be disclosed in accordance with the MMLR.

COMPLIANCE WITH PRINCIPLES AND RECOMMENDATIONS OF MCCG

The Company complies with the Principles and Best Practices of the MCCG. The Company continues to look into areas where processes and procedures can be enhanced.

AUDIT COMMITTEE REPORT

1) COMPOSITION

As at the date of this Annual Report, the Audit Committee ("**AC**" or "**Committee**") comprised the following members:

CHAIRMAN

Datuk Dr. Ng Bee Ken	Independent Non-Executive Chairman

MEMBERS

Low Yan Seong	Independent Non-Executive Director
Wan Kamarul Zaman Bin Wan Yaacob	Independent Non-Executive Director

2) MEETINGS

Five (5) meetings were held during the financial year ended 30 June 2020. The summary of attendance of each member is as follows:

Members	Number of Meetings Attended
Datuk Dr. Ng Bee Ken	5/5
Low Yan Seong	5/5
Wan Kamarul Zaman Bin Wan Yaacob	5/5

The Group Managing Director, executive directors and certain senior management staff were invited to attend the Committee's meetings. The external auditors also attended the meetings by invitation to brief the Committee the nature and scope of their audit as well as presenting to the Committee the audit planning memorandum and audit review reports as well as their results on the evaluation of the system of internal controls.

The Committee had conducted private discussion session(s) with the external auditors, without the presence of executive directors and management staff, during the financial year ended 30 June 2020.

3) SUMMARY OF WORK DONE BY THE COMMITTEE

The following works had been carried out by the Committee during the financial year ended 30 June 2020 in discharging its functions and duties:

i) Reviewed the quarterly unaudited financial results and related announcements and recommended the same to the Board of Directors ("**Board**") for consideration and approval

ii) Reviewed and approved the Group's financial statements for the financial year ended 30 June 2019

iii) Reviewed and approved the audit plan and scope of work presented by the external auditors for the statutory audit of the Group's financial statements for the financial year ended 30 June 2020

iv) Conducted private discussion session(s) with the external auditors, without the presence of executive directors and management

v) Reviewed the Statement on Risk Management and Internal Control before recommending to the Board for approval for insertion into the Company's Annual Report

vi) Reviewed the annual audited financial statements of the Group with the external auditors prior to the presentation to the Board for approval. The review focused particularly on changes of accounting policy, significant matters highlighted including financial reporting issues, significant and unusual events / transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia

vii) Reviewed on quarterly basis the summary of related party transactions, trade receivables and ageing analysis of the Group

viii) Reported to the Board on matters discussed and addressed at meetings of the Committee

ix) Reviewed and discussed with the external auditors on significant issues noted in the course of their audit of the Group

x) Reviewed the audit fee proposal and recommended to the Board for approval of the audit fees

4) INTERNAL AUDIT FUNCTION

The Group recognizes the importance of independent review on core aspects provided by the internal auditors engaged through outsourcing practice. The internal audit review provides the Committee with a basis for their evaluation of the adequacy, integrity and effectiveness of the risk management and internal control ("**RMIC"**) system, currently deployed into operation by the Group.

The internal auditors are directed by the Board to report directly to. the Committee on observations and findings of their annual internal audit review on selected operational aspects. The Committee has been made understood that internal audit review provides a reasonable assurance but not absolute guarantee over the integrity and proper functioning of the Group's RMIC system.

During the financial year, there was a financial due diligence exercise ("**FDD**") being performed on Pertama Digital's newly-acquired subsidiary, TAS, prior to the acquisition. The AC has deliberated and resolved to recommend to the Board for approval, for the adoption of the FDD report on TAS as internal audit report for the current reporting period.

The AC, after having considered that the operation in China under Be Top Group Limited has been categorised as "discontinued operation", the AC has recommended to appoint a local based internal audit service provider. The AC has considered and reviewed several internal audit firms' proposals, deliberated and resolved to recommend to the Board for approval to appoint OAC Consulting Sdn. Bhd. as the internal auditor for the financial year 2021.

The cost incurred in performing the FDD on TAS was RM42,157.54.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION
This Statement on Risk Management and Internal Control ("**RMIC**") is drawn pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**") and was prepared in accordance with Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**SRMIC Guidelines**").

The Board reckons the importance of establishing a sound risk management and internal control system to provide reasonable assurance, but not absolute elimination, of risks that exist in the operations, financial management and reporting as well as regulatory compliance aspects of the Group's operating environment (collectively known as the "**Overall Operating Environment**"). It shall be noted that the risk management and internal control system was designed to manage and monitor rather than to eliminate risks that could result in the Group not achieving its objectives.

Accordingly, the Board is pleased to provide the following report, which outlines the nature and scope of Group's internal controls during the financial year ended 30 June 2020.

THE GOVERNING LAWS AND REGULATIONS

MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG") AND CORPORATE GOVERNANCE GUIDE – THIRD EDITION ISSUED IN 2017 ("CG GUIDE")
The MCCG and CG Guide require that Board of Directors of listed issuers to maintain a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

1. ROLES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS ("BOARD")
The Board is responsible for

(i) **OVERSIGHT AND ASSESSMENT OF GROUP RMIC FRAMEWORK (SYSTEM AND PROCEDURES)**
The Board holds an oversight role in the Group RMIC matters, in relation to the overall RMIC system and procedures, primarily to the key business and operational risk factors faced by the Group, as well as assessment of the impact on the Group's exposure to these risks. This is the very first important step in efforts devoted in safeguarding the Group's assets, shareholders' and other stakeholders' interests.

In the course of assessing the risk factors, the Board determines the Group's tolerance level to each risk factor, to ensure sustainability of the Group's business continuity is not compromised.

(ii) **ENSURING APPROPRIATE AND TIMELY ACTIONS AND UPDATES**
The management is accountable to the Board for the initiation and implementation of risk management and internal control system. These encompass the efficient execution of appropriate, effective procedures (that captures relevant data and able to produce reports to alert the management on any potential breach of risk tolerance level).

After the initial stage of designing and implementing of the RMIC system, preservation of its integrity will be the next most important task. In contrast, the Board plays the role of ensuring the management is alert to risks that are threatening the Group and responds to situations promptly. The Board has made it a fixed agenda that it receives regular status updates in Board meetings on project progress, relevant preventive and/or remedial action plans (where applicable) as well as results of remedial actions taken. The Board revisits and follows up on aspects highlighted previously by the executive directors in subsequent Audit Committee ("**AC**") and Board meetings.

2. ROLES OF MANAGEMENT TEAM

The management team is responsible for

(i) **IDENTIFICATION OF SPECIFIC ISSUES, INITIATE AND IMPLEMENT RECTIFICATION PROCESSES AND PROCEDURES**

The management team of subsidiaries collectively are the key persons who identify, evaluate and assess the risk factors that exist in the Overall Operating Environment. Subsequent to performing evaluation and assessment of risk factors identified, the management team, after due discussion and with approval from executive directors, will device and implement appropriate measures to automate/compile exceptional reports from the RMIC system for review and resolve of risk issues. The management team is responsible for the continuous management and monitoring of various issues on business and/or operational risks within their respective delegated authority.

(ii) **REPORTING TO THE GROUP'S AUDIT COMMITTEE**

Executive directors of the Group report to the AC, in quarterly meetings and other ad hoc meetings, on findings and progress status updates on the overall RMIC system. During the current reporting financial year, the management team adhered to the same procedures adopted in the previous financial years. Nonetheless, the Group's RMIC framework has built in the expectation for changes and/or enhancement in procedures/processes whenever situations warrant such changes and/or enhancement for effective and efficient resolution of RMIC issues.

The Board will be updated with progress of the management and monitoring of key risk areas and is satisfied that the management has initiated reasonable and adequate processes to mitigate undesirable impact on the Group which may arise.

3. ROLES OF THE AUDIT COMMITTEE

The AC was set up to provide oversight and scrutiny over the financial operations and reporting of the Group. A full description of the AC term of reference is disclosed on the Company's website www.sinotop.com.my.

4. ROLES OF INTERNAL AUDITOR ("IA")

The IA reports directly to the AC, and by extension, to the Board, to provide a reasonable independent assurance, but not absolute guarantee, on the adequacy and effectiveness of the Group's internal control system and its overall control environment. The IA plays an important role of evaluating and assessing the presence, effectiveness and integrity of risk management and internal control system and mechanisms put in place. IA will make enhancement recommendations for the management and Board to consider.

In the current financial year, there was a financial due diligence exercise ("**FDD**") performed on the Company's newly-acquired subsidiary, Television Airtime Services Sdn. Bhd. ("**TAS**") and its joint venture, Dapat Vista (M) Sdn. Bhd. ("**DAPAT**"), prior to the acquisition of 51% equity interest in TAS. Areas of emphasis covered in the FDD report include business overview, internal control system, financial statements of both TAS and DAPAT as well as the analysis on the historical performance of DAPAT.

The review on TAS and DAPAT covers the financial years ended 31 December 2018 and 2019 whereas there was an additional two (2) months financial period ended 29 February 2020 being reviewed on DAPAT.

The AC, after due consultation with the Company Secretary, has deliberated and resolved to recommend to the Board for approval to adopt the FDD report as the internal audit report for the current reporting period.

5. STRATEGIES TO IDENTIFY AND ADDRESS RISKS

i) ESTABLISHMENT OF A RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

A Risk Management and Internal Control Framework has been established for the purpose of defining the essential elements of a sound and effective RMIC system, identification of risks, assessment and monitoring and detailed description of the risk factors that affect the Overall Operating Environment of the Group.

Policies and procedural manuals have been drawn up to address areas that are subject to risks identified and the procedures to manage the risks.

The framework is subject to and continually being reviewed, from time to time, when new risk issues emerge, resulted from changes either in the internal or external environment, or as highlighted by the internal auditor.

ii) PERIODICAL PROGRESS STATUS UPDATES

The Group's management is directed by the Board to update periodically, at quarterly meetings (and other ad hoc meetings, where applicable), the progress status of measures taken within the guidelines of the RMIC framework, in response to mitigate adverse effect of identified risk factors that have significant impact on the Group's business objectives. Apart from progress status reporting of existing risk factors, the management will also report to the AC new risk factors updates at meetings, email communication is another formalised manner of managing information flow.

Day-to-day operations of the Group is delegated to the Group's management, and therefore the management is in the best position and holds the irreplaceable role of reporting to the AC, risk factors that evolve / identified in the course of managing the Group's daily business operations.

iii) REVIEW AND UPDATE OF RISK MANAGEMENT POLICIES

The Company's policies are reviewed by the management to assess its effectiveness in meeting the risk mitigation/prevention objectives. The company policies will be reviewed from time to time and updated when situation warrants the updating to remain relevant in the prevailing condition (when the review is carried out).

iv) REPORT FROM THE INTERNAL AUDITOR

The Board reviews feedback from the internal auditor pertaining to any absence, weaknesses or deficiencies in the practices that pose significant undesirable consequences to the Group.

6. KEY PROCESSES / FEATURES OF INTERNAL CONTROL SYSTEM

(i) Conduct of a yearly internal audit review on major operational areas, for the purpose of obtaining an independent appraisal on the adequacy and effectiveness of the existing internal control system (structure and mechanisms)

(ii) Establishment of a clear reporting hierarchy and channels to facilitate immediate or timely escalation of issues, from front liners at the production plant to management levels, for effective and/or efficient resolution

(iii) The Board meets at least once every quarter to deliberate and be updated on issues that may have significant impact on the Group's financial performance and other aspects. The executive directors present to the Board and Board Committees findings in the Group's operating units and rectification measures initiated/planned to mitigate possible financial and non-financial losses

(iv) The Group has a Code of Business Conduct which serves as guidance to all employees, about the rules, best practices and attitude that they are expected to observe when carrying out their duties. Employees are expected to act in the best interest of the Group, failing which may result in stern disciplinary actions being taken

(v) As at the date of this report, there was a new policy being established, i.e. Group Policy on Anti-corruption and revamp of the Group Policy on Whistleblowing. Both the policies, together with the Board Charter and Code of Business Conduct were reviewed, deliberated and approved by the Board on 21 October 2020.

7. LIMITATION OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

A risk management and internal control system is designed to mitigate rather than to eliminate risks. Therefore, in view of the inherent limitation of the risk management and internal control system, the Board reckons that the Group's system is unable to provide absolute assurance against events such as poor judgement in decision-making, circumvention of control processes, management overriding control processes and other unforeseen circumstances.

CONCLUSION

The risk management and internal control systems described above have been in place for the financial year under review and up to the approval of this statement for inclusion in the annual report.

The Board believes that the Group's risk management and internal control system is adequate to provide a reasonable (but not absolute) assurance that deficiencies and weaknesses in the Group's internal control system have reasonably been identified and rectified. Nonetheless, the Board remains committed in continually enhancing the risk management and internal control system in order to achieve its primary objectives of safeguarding shareholders' investments, Group's assets and interest of other stakeholders, namely suppliers, customers and regulators.

This statement is issued in accordance with a resolution of the Board dated 30 October 2020.

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
Company No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

GALLERY OF EVENTS

eJamin's COLLABORATIVE SIGNING OF AGREEMENTS WITH BANK ISLAM AND BANK MUAMALAT ON 19 FEBRUARY 2020.

PERTAMA DIGITAL BERHAD
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Company No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

MYPAY'S COLLABORATIVE LAUNCH WITH PTPTN, BANK ISLAM, FASSPAY SOLUTIONS ON DIGITAL PAYMENT, DIGITAL FINANCING AND E-WALLET FEATURE ON 3 JULY 2020.

MyPay's COLLABORATIVE LAUNCH WITH PTPTN, BANK ISLAM, FASSPAY SOLUTIONS ON DIGITAL PAYMENT, DIGITAL FINANCING AND E-WALLET FEATURE ON 3 JULY 2020.

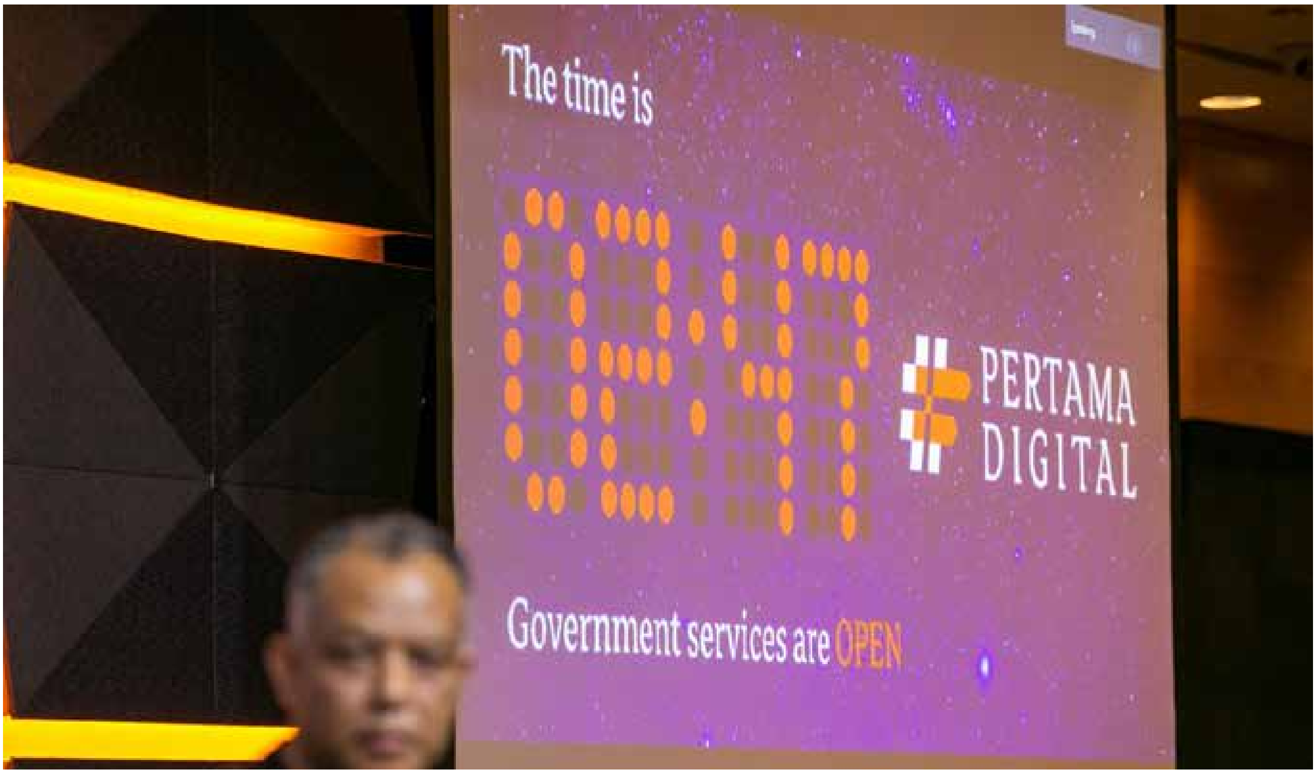
MyPay's COLLABORATIVE LAUNCH WITH PTPTN, BANK ISLAM, FASSPAY SOLUTIONS ON DIGITAL PAYMENT, DIGITAL FINANCING AND E-WALLET FEATURE ON 3 JULY 2020.

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
Company No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

PRESS CONFERENCE HELD AFTER THE CONCLUSION OF EXTRAORDINARY GENERAL MEETING ON 21 AUGUST 2020

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
Company No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

PRESS CONFERENCE HELD AFTER THE CONCLUSION OF EXTRAORDINARY GENERAL MEETING ON 21 AUGUST 2020



PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

CORPORATE INFORMATION

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	:	Public company limited by way of shares incorporated in Malaysia
REGISTERED OFFICE	:	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26 47301 Petaling Jaya Selangor
PRINCIPAL PLACE OF BUSINESS	:	Fenhu Economic Development Zone Wujiang City, Jiangsu Province 215212 China

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

CHANGE OF NAME

On 28 August 2020, the Company has changed its name from Sinotop Holdings Berhad to Pertama Digital Berhad.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of the subsidiaries are disclosed in note 5 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year:		
- continuing operations	(851)	(1,209)
- discontinued operations	2,924	-
	2,073	(1,209)
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	2,026	(1,209)
Non-controlling interests	47	-
	2,073	(1,209)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has issued 38,461,538 new ordinary shares to satisfy partially the total purchase consideration for the acquisition of 51% equity interest in Television Airtime Services Sdn Bhd.

There was no issuance of debentures during the financial year.

SHARE OPTIONS

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

RESERVES AND PROVISIONS

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

HOLDING COMPANY

The holding company is Gifted Investments Limited (“GIL”), a company incorporated in the British Virgin Islands.

SUBSIDIARIES

Details of the subsidiaries are set out in note 5 to the financial statements.

There is no qualified auditors’ report on the financial statements of any subsidiary for the financial year in which this report is made.

At the end of the financial year, none of the subsidiaries held any shares in the Company.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Pan Ding
Datuk Ng Bee Ken
Low Yan Seong
Pan Dong
Wan Kamarul Zaman Bin Wan Yaacob
Tun Dato’ Seri Zaki Bin Tun Azmi (appointed on 21 April 2020)
Dato’ Soo Sze Ching (resigned on 9 June 2020)

LIST OF DIRECTORS OF SUBSIDIARIES

The directors (excluding directors who are also directors of the Company) in office of the subsidiaries during the period commencing from the beginning of the financial year to the date of this report are:

Norwati Binti Abd Razak
Azad Abdullah Tan Chien Liang

DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had interests in shares as follows:

	Number of ordinary shares			
	At 1.7.2019	Acquisition	Disposal	At 30.6.2020
The Company				
Pan Ding*				
- indirect interest	225,125,000	-	-	225,125,000
Tun Dato' Seri Zaki Bin Tun Azmi#				
- indirect interest	-	20,230,000	-	20,230,000

* *Deemed interest by virtue of his direct shareholdings in GIL*

\# *Deemed interest by virtue of his spouse's shareholdings in the Company*

By virtue of his interests in shares in the Company, Pan Ding is deemed to have interests in shares of all the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefits (other than a benefit included in the aggregate amount emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 except for those disclosed in note 24 to the financial statements.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

(i) to ascertain that appropriate 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 there were no known bad debts to be 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 in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render it necessary to write off any debt or render 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 the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Events occurring after the reporting period are disclosed in note 30 to the financial statements.

AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims by third parties arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

Auditors' remuneration is set out in note 19 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors and signed on behalf of the board of directors in accordance with a directors' resolution.

PAN DING
Director

DATUK NG BEE KEN
Director

Date: 30 October 2020

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pertama Digital Berhad (formerly known as Sinotop Holdings Berhad), which comprise the statements of financial position as at 30 June 2020 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

(a) Group

<u>Goodwill</u>

Refer to *Significant Accounting Judgements and Estimations* in note 4 to the financial statements and *Goodwill* in note 7 to the financial statements.

The Risk:

As at 30 June 2020, the Group's goodwill amounted to RM14,827,000. The Group is required to test goodwill for impairment annually, which involves comparing cash-generating unit's value in use with its carrying amount. In estimating the value in use, management exercised significant judgements to make an estimation of the expected future cash flows from the cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Due to the significance of goodwill and the related management's judgements and estimations in impairment testing, this is considered a key audit matter.

Our response:

Our audit procedures included, among others, the understanding of control over the Group's process in testing impairment of goodwill. We evaluated the key assumptions and variables used by management in the cash flow projections on whether they are reasonable. Where applicable, we corroborated the key assumptions and variables with available market information. We assessed the appropriateness of discount rate used by management, taking into consideration of internal and external data. We performed sensitivity analysis on key inputs to the impairment testing model, to evaluate the corresponding effect on the recoverable amount due to possible changes in the key assumptions. We also reviewed the disclosure of goodwill in the financial statements.

Trade receivables and contract assets

Refer to *Significant Accounting Judgements and Estimations* in note 4 to the financial statements and *Trade Receivables* and *Contract Assets* in notes 8 and 9 respectively to the financial statements.

The Risk:

As at 30 June 2020, the Group's trade receivables and contract assets amounted to RM31,465,000 (both continuing and discontinued operations) and RM3,565,000 respectively. Management assessed the expected credit loss of trade receivables and contract assets as at 30 June 2020 in accordance with the Group's accounting policy. The Group adopted simplified approach (i.e. lifetime expected credit loss) in measuring the loss allowance, if any, for trade receivables and contract assets. The expected credit loss is estimated by reference to past default experience in respect of the customers, industry practice relating to the billing and collection of contract sums, and an analysis of the customers' current financial position adjusted for factors that are specific to the customers; and an assessment of both current conditions as at the reporting date as well as future conditions (including general economic conditions of the industry). Estimating the expected credit loss requires management to estimate the future conditions of the customers. Management's conclusion on the expected credit loss is judgemental as it involves collective assessment on past, present and future conditions of the customers. Due to the significance of the trade receivables and contract assets of the Group; and the involvement of management judgements and estimations in assessing the expected credit loss, these are considered key audit matters.

Our response:

Our audit procedures included, among others, obtained an understanding of the Group's process in assessing the recoverability of trade receivables and contract assets. Together with the component auditors, we assessed and challenged the key bases and assumptions used by management in the estimation of expected credit loss. In assessing the reasonableness of management's conclusion on the expected credit loss, we considered both internal and external information, including but not limited to: contractual arrangement with the customers, historical default rate, historical payment trend, industry practice, communication with customers, current status of the customers and future economic indicators that are relevant to the customers. We reviewed the billing of contract assets as well as collection of trade receivables subsequent to the end of the financial year. We also reviewed the disclosure of credit risk in the financial statements.

(b) Company

We do not have any key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 5 to the financial statements.

Other Matters

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

ii. The financial statements of the Group and of the Company for the preceding financial year ended 30 June 2019 were audited by another auditor whose report thereon dated 30 October 2019 expressed an unmodified opinion on the financial statements.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

LEE SOO ENG
03230/02/2022 J
Chartered Accountant

Kuala Lumpur

Date: 30 October 2020

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		187	-	-	-
Investments in subsidiaries	5	-	-	19,096	750
Investments in joint ventures	6	13,611	-	-	-
Goodwill	7	14,827	-	-	-
		28,625	-	19,096	750
CURRENT ASSETS					
Trade receivables	8	15,666	2,637	-	-
Contract assets	9	3,565	16,162	-	-
Other receivables, deposits and prepayments	10	1,527	893	62	16
Fixed deposits with licensed banks	11	-	2,100	-	2,100
Cash and bank balances		187	25	103	9
		20,945	21,817	165	2,125
Assets classified as held for sale	12	123,531	119,312	70,000	70,000
		144,476	141,129	70,165	72,125
TOTAL ASSETS		173,101	141,129	89,261	72,875

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	134,816	118,470	134,816	118,470
Reserves	14	(50,648)	(52,674)	(89,110)	(87,901)
		84,168	65,796	45,706	30,569
Reserves classified as held for sale	12	40,420	40,338	-	-
Equity attributable to owners of the Company		124,588	106,134	45,706	30,569
Non-controlling interests		3,428	-	-	-
TOTAL EQUITY		128,016	106,134	45,706	30,569
CURRENT LIABILITIES					
Trade payables	15	18,723	18,647	-	-
Other payables and accruals	16	6,853	5,856	43,555	42,306
Bank borrowing	17	7,750	-	-	-
Current tax liabiltiy		-	72	-	-
		33,326	24,575	43,555	42,306
Liabilities classified as held for sale	12	11,759	10,420	-	-
TOTAL LIABILITIES		45,085	34,995	43,555	42,306
TOTAL EQUITY AND LIABILITIES		173,101	141,129	89,261	72,875

The accompanying notes form an integral part of the financial statements

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	18	8,651	16,236	42	34
Cost of sales		(8,317)	(15,664)	-	-
Gross profit		334	572	42	34
Other income		259	80	1,348	421
Administrative expenses		(950)	(1,649)	(734)	(1,394)
Other expenses		(356)	(14)	(1,865)	(85,491)
Finance costs		(3)	-	-	-
Share of result of a joint venture		(109)	-	-	-
Loss before tax	19	(825)	(1,011)	(1,209)	(86,430)
Tax expense	20	(26)	(86)	-	-
Loss for the financial year		(851)	(1,097)	(1,209)	(86,430)
Discontinued operations					
Profit/(Loss) for the financial year	21	2,924	(72,770)	-	-
Total profit/(loss) for the financial year		2,073	(73,867)	(1,209)	(86,430)
Other comprehensive income/ (loss), net of tax:					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		82	(2,250)	-	-
Total comprehensive income/ (loss) for the financial year		2,155	(76,117)	(1,209)	(86,430)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Total profit/(loss) for the financial year attributable to:					
Owners of the Company		2,026	(73,867)	(1,209)	(86,430)
Non-controlling interests		47	-	-	-
		2,073	(73,867)	(1,209)	(86,430)
Total comprehensive income/ (loss) for the financial year attributable to:					
Owners of the Company		2,108	(76,117)	(1,209)	(86,430)
Non-controlling interests		47	-	-	-
		2,155	(76,117)	(1,209)	(86,430)
(Loss)/Earnings per share (sen)	22				
Basic:					
- continuing operations		(0.23)	(0.28)		
- discontinued operations		0.73	(18.43)		
Diluted:					
- continuing operations		(0.23)	(0.28)		
- discontinued operations		0.73	(18.43)		

The accompanying notes form an integral part of the financial statements

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		<--- *Attributable to Owners of the Company*							
		<--- *Non-Distributable* --->			*Distributable*				
Group	Note	Share capital RM'000	Statutory reserves RM'000	Foreign exchange translation reserves RM'000	Reserves classified as held for sale RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2018		118,470	15,697	42,588	-	5,496	182,251	-	182,251
Loss for the financial year		-	-	-	-	(73,867)	(73,867)	-	(73,867)
Other comprehensive loss for the financial year									
- Foreign currency translation differences		-	-	(2,250)	-	-	(2,250)	-	(2,250)
Total comprehensive loss for the financial year		-	-	(2,250)	-	(73,867)	(76,117)	-	(76,117)
Discontinued operations		-	-	(40,338)	40,338	-	-	-	-
At 30 June 2019		118,470	15,697	-	40,338	(68,371)	106,134	-	106,134
Acquistion of a subsidiary	5	16,346	-	-	-	-	16,346	3,381	19,727
Profit for the financial year		-	-	-	-	2,026	2,026	47	2,073
Other comprehensive income for the financial year									
- Foreign currency translation differences		-	-	-	82	-	82	-	82
Total comprehensive income for the financial year		-	-	-	82	2,026	2,108	47	2,155
Transfer to statutory reserves		-	236	-	-	(236)	-	-	-
At 30 June 2020		134,816	15,933	-	40,420	(66,581)	124,588	3,428	128,016

Company	Note	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2018		118,470	(1,471)	116,999
Loss and total comprehensive loss for the financial year		-	(86,430)	(86,430)
At 30 June 2019		118,470	(87,901)	30,569
Issuance of shares	13	16,346	-	16,346
Loss and total comprehensive loss for the financial year		-	(1,209)	(1,209)
At 30 June 2020		134,816	(89,110)	45,706

The accompanying notes form an integral part of the financial statements

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES				
Loss before tax				
- continuing operations	(825)	(1,011)	(1,209)	(86,430)
- discontinued operations	(765)	(71,410)	-	-
Adjustments for:				
Allowance for doutbful debts	2,165	6,558	-	-
Amortisation of land use rights	-	70	-	-
Depreciation of property, plant and equipment	-	1,410	-	-
Impairment loss on investments in subsidiaries	-	-	-	85,477
Interest expense	3	-	-	-
Interest income	(171)	(185)	(42)	(34)
Inventories written down	2,054	429	-	-
Loss on re-measurement to fair value less costs to sell	823	69,572	-	-
Net gain on financial assets at fair value through profit or loss mandatorily	(1,831)	(2,539)	-	-
Net unrealised loss/(gain) on foreign exchange	394	(819)	198	(411)
Property, plant and equipment written off	144	2,024	-	-
Reversal of allowance for doubtful debts	-	(5)	-	-
Share of result of joint ventures	(2,064)	(1,300)	-	-
Waiver of debts	(236)	-	-	-
Operating (loss)/profit before working capital changes	(309)	2,794	(1,053)	(1,398)
Changes in inventories	1,207	1,419	-	-
Changes in receivables	17,022	(2,001)	(273)	(292)
Changes in payables	2,557	23,511	278	3,183
Cash generated from/(used in) operations	20,477	25,723	(1,048)	1,493
Tax paid	(2,274)	(1,677)	-	-
Net cash generated from/(used in) operating activities	18,203	24,046	(1,048)	1,493

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES				
Acquistion of a joint venture	(11,575)	-	-	-
Acquisition of a subsidiary	(911)	-	(1,000)	-
Acquisition of property, plant and equipment	(601)	(13,560)	-	-
Acquisition of short-term investments	(19,086)	(54,254)	-	-
Interest received	171	185	42	34
(Placement)/Withdrawal of fixed deposits	(5)	178	-	-
Proceeds from disposal of short-term investments	2,370	36,270	-	-
Net cash (used in)/generated from investing activities	(29,637)	(31,181)	(958)	34
FINANCING ACTIVITIES				
Drawdowns of bank borrowing	7,750	-	-	-
Interest paid	(3)	-	-	-
Net cash generated from financing activities	7,747	-	-	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	(3,687)	(7,135)	(2,006)	1,527
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	16,756	24,163	2,109	582
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	547	(272)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	13,616	16,756	103	2,109

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and cash equivalents comprise the followings:				
Continuing operations				
Fixed deposits with licensed banks	-	2,100	-	2,100
Cash and bank balances	187	25	103	9
	187	2,125	103	2,109
Discontinued operations				
Fixed deposits with licensed banks	1,090	1,085	-	-
Cash and bank balances	13,429	14,631	-	-
	14,519	15,716	-	-
Less:				
Fixed deposits with tenure of more than three months	(1,090)	(1,085)	-	-
	13,429	14,631	-	-
	13,616	16,756	103	2,109

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Pertama Digital Berhad (formerly known as Sinotop Holdings Berhad) is a public company limited by way of shares and is incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 41.

On 28 August 2020, the Company has changed its name from Sinotop Holdings Berhad to Pertama Digital Berhad.

The holding company is Gifted Investments Limited ("GIL"), a company incorporated in the British Virgin Islands.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2020 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in joint ventures.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in note 5. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies which are set out in note 3.

Application of new standards, amendments and/or Issues Committee ("IC") interpretations

In the current financial year, the Group and the Company have applied a number of new standards, amendments and/or IC interpretations that became effective mandatorily for the financial periods beginning on or after 1 July 2019. The adoption of the new standards, amendments and/or IC interpretations did not have significant impact on the disclosures or on the amounts reported in the financial statements.

Amendments and new standard issued that are not yet effective

The Group and the Company have not applied the following amendments and new standard that have been issued by the MASB, which may be relevant to the Group and the Company, but not yet effective:

		Effective Date
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above amendments and new standard is not expected to have significant impact on the financial position and financial performance of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of consolidation

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(a) Business combinations

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during twelve months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

When the reverse acquisition accounting is used, the difference between the nominal value of accounting acquiree and the Company and the par value of the enlarged issued and paid-up share capital of the Company after the acquisition of the business is treated as a reverse acquisition reserve. The reverse acquisition reserve is adjusted against suitable reserves of the accounting acquiree to the extent that laws or statues do not prohibit the use of such reserves.

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Functional and foreign currencies

(a) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(b) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in joint ventures that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in joint ventures that includes a foreign operation while retaining joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(iii) Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 *Revenue from Contracts with Customers* at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(i) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecogntion of the financial liability.

(ii) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Statutory reserve

The Company's subsidiary in the People's Republic of China ("PRC") is required to maintain certain statutory reserves by appropriating from profit after taxation in accordance with the relevant laws and regulations in the PRC and articles of association of the subsidiary before declaration or payment of dividends. The reserves form part of the equity of the Company. The statutory reserve fund can be used to increase the registered capital and eliminate future losses of the subsidiary, but it cannot be distributed to shareholders except in the event of a solvent liquidation of the subsidiary.

The appropriation to the statutory surplus reserve represents 10 percent of the profit after taxation of each individual PRC subsidiary. In accordance with the laws and regulations in the PRC, the appropriations to statutory reserve cease when the balances of the reserve reach 50 percent of the registered capital of the subsidiary. The statutory reserve is not distributable by way of dividends.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

(iv) Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

(a) Joint ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to the end of reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

(vi) Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets net of the estimated residual values over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The useful lives are as follows:

Buildings	50 years
Leasehold land and buildings	50 years
Plant and machinery	12 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years

Freehold land and capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(vii) Capital work-in-progress

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

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken (if any) to finance the acquisition of the assets to the date that the assets are complete and put into use.

(viii) Land use rights

All land in the PRC is owned by the State or collectives. Individuals and companies are permitted to acquire land use rights for general or specific purposes. In the case when land is used for industrial purposes, the land use rights are granted for a period of 50 years. The rights may be renewed at the expiration of the initial and any subsequent terms according to the relevant Chinese laws. Granted land use rights are transferable and may be used as security for borrowings and other obligations.

The cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease term of the land of 50 years. The portion of the land use rights to be amortised over the next 12 months is reflected as current assets. The amortisation expense is recognised in the profit or loss.

(ix) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(x) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(xi) Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 *Financial Instruments*.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(xii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(xiii) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(xiv) Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve months expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(xv) Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(xvi) Income taxes

(a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Value added tax ("VAT")

The Group's sales of goods in the PRC are subject to VAT at the applicable tax rate for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "other receivables" or "other payables" in the consolidated statements of financial position.

Revenue, expenses and assets are recognised net of the amount of VAT except:

(i) where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of VAT included.

(xvii) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(xviii) Earnings per ordinary shares

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(xix) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(xx) Revenue from contracts with customers

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

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

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of services

Revenue from providing services is recognised over time in the period in which the services are rendered.

(c) Construction services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(xxi) Revenue from other sources and other income

(a) Interest income

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

(xxii) Leases

The Group as lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of the financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future financial periods affected.

Critical Judgement

(i) Classification between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment properties.

Key Estimation and Assumption

(i) Goodwill arising from acquisition of business

Goodwill arising from acquisition of the subsidiary during the financial year was determined using a provisional purchase price allocation exercise to determine the fair value of the acquired assets and liabilities. Management exercised significant judgement in determining the fair value of the acquired assets and liabilities assumed. The final goodwill arising from the acquisition will be dependent on the completion of the valuation of the acquired assets and liabilities assumed.

(ii) Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating unit ("CGU") that is expected to benefit from synergies of the business combination.

The recoverable amount of the CGU is determined using the value-in-use method which requires significant management estimations. Changes in the assumptions used by management in assessing the impairment could materially affect the net present value of the goodwill and may result in recognition of impairment loss.

(iii) Trade receivables and contract assets

Management assesses the expected credit losses ("ECL") for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 *Financial Instruments* in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The ECL on trade receivables and contract assets is primarily based upon the historical credit loss experience.

(iv) Other receivables

Management assesses the ECL of receivables (other than trade receivables) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Group and the Company and the cash flows that they actually expect to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to twelve-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercises considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

(v) Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain.

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.

(vi) Impairment of non-financial assets

The Group determines whether their non-financial asset is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(vii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(viii) Write down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. INVESTMENTS IN SUBSIDIARIES

Company	2020 RM'000	2019 RM'000
Unquoted shares in Malaysia		
At 1 July	750	750
Additions	18,346	-
At 30 June	19,096	750
Unquoted shares outside Malaysia	-	328,125
Quasi loan	-	57,000
	-	385,125
Classified as held for sale	-	(385,125)
	19,096	750

In the previous financial year, quasi loan represents advances of which the settlement is neither planned nor likely to occur in the foreseeable future. This amount was, in substance, a part of the Company's net investment in the subsidiaries. The quasi loan was stated at cost less accumulated impairment losses, if any.

(a) On 22 May 2020, the Company completed the acquisition of 51% equity interest in Television Airtime Services Sdn Bhd ("TAS") and obtained control. Upon acquisition, TAS became a subsidiary of the Company. Details of the acquisition are as follows:

	Group RM'000
Non-current assets	2,332
Assets classified as held for sale	414
Cash and bank balances	89
Other current assets	4,598
Current liabilities	(66)
Liabilities classified as held for sale	(467)
Net assets acquired	6,900
Non-controlling interests at acquired	(3,381)
Goodwill arising from acquisition (note 7)	14,827
Purchase consideration	18,346
Less: Fair value of shares consideration	(16,346)
Less: Cash consideration payable	(1,000)
Cash consideration paid	1,000
Less: Cash and bank balances in subsidiary acquired	(89)
Net cash outflow on acquisition from continuing operations	911

(b) From the date of acquisition, TAS has contributed RM Nil and RM95,000 to the revenue and profit after tax of the Group from continuing operations respectively. If the combination has taken place at the beginning of the financial year, the Group's revenue and profit after tax would have been approximately RM8,651,000 and RM194,000 respectively.

(c) As announced by the Company on 23 April 2020, TAS will acquire 24% additional equity interest in Dapat Vista (M) Sdn Bhd ("DVSB") for a cash consideration of RM5.925 million, which will be completed in proportion to payment of each of the balance tranches up to December 2013 in accordance with the terms of the agreement.

(d) The details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest 2020 %	2019 %	Principal place of business and place of incorporation	Principal activities
Gorgeous Goldhill Sdn Bhd ("GGSB")^	100	100	Malaysia	Project management services and infrastructure construction
TAS^	51	-	Malaysia	Investment holding
Be Top Group Limited ("Be Top")*	100	100	The British Virgin Islands	Investment holding
Top Textile (Suzhou) Co., Ltd. ("Top Textile")^*	100	100	PRC	Investment holding, production of customised woven loom-state fabrics made from cotton, synthetic and mixed yarn

^ *Not audited by Mazars PLT*

* *These subsidiaries are classified as held for sale as disclosed in note 12 to the financial statements*

6. INVESTMENTS IN JOINT VENTURES

Group	2020 RM'000	2019 RM'000
Unquoted shares in Malaysia		
At 1 July	-	-
Arising from acquisition of a subsidiary	2,145	-
Additions	11,575	-
Share of post-acquisition reserves	(109)	-
At 30 June	13,611	-
Unquoted shares outside Malaysia		
At 1 July	-	6,020
Share of post-acquisition reserves	-	1,300
Foreign currency translation differences	-	(77)
Classified as held for sale	-	(7,243)
At 30 June	-	-

(a) The details of the joint ventures are as follows:

Name of joint ventures	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Principal place of business and place of incorporation	Principal activities
DVSB	56	-	Malaysia	Provision of mobile value-added services
HL Painting Co. ("Han Ling")*	50	50	PRC	Packaging of plastic and glass made products

* *Held through Top Textile and is classified as held for sale as disclosed in note 12 to the financial statements*

(b) The summaries financial information for the joint ventures are as follows:

	2020 RM'000	2019 RM'000
(i) DVSB		
Non-current assets	1,088	-
Current assets	1,145	-
Current liabilities	(1,040)	-
Net assets	1,193	-
Revenue	264	-
Loss for the financial year	(195)	-
(ii) Han Ling		
Non-current assets	-	8,003
Current assets	-	12,450
Current liabilities	-	(7,173)
Net assets	-	13,280
Revenue	-	15,410
Profit for the financial year	-	2,599

7. GOODWILL

Group	2020 RM'000	2019 RM'000
At 1 July	-	-
Additions	14,827	-
At 30 June	14,827	-

A provisional goodwill of approximately RM14.83 million was recognised on the acquisition of TAS, as disclosed in note 5, based on the difference between the purchase consideration and the provisional fair value of the identifiable assets and liabilities assumed as at the date of acquisition subject to completion of the purchase price allocation exercise. The Company has measurement period of not exceeding one year from the date of acquisition to determine the final purchase price allocation exercise.

The goodwill is attributable to mobile and digital solutions cash-generating unit. Impairment testing of goodwill had been carried out as at the end of the reporting period.

The recoverable amount of the cash-generating unit is determined by value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period. Cash flows beyond that 5-year period have been extrapolated using a terminal growth rate of 2% per annum. A pre-tax discount rate of 15.7% is applied to cash flow projections which also reflects the specific risks relating to the cash-generating unit.

All the above key assumptions are based on management's knowledge in the industry and historical information. In assessing the value-in-use, management is of the view that no reasonably foreseeable changes in any of the above key assumptions are expected to cause the carrying value of the cash-generating unit to materially exceed its recoverable amount. Impairment was not required for goodwill arising from the cash-generating unit.

8. TRADE RECEIVABLES

Group	2020 RM'000	2019 RM'000
Receivables from contracts with customers	15,666	2,637
	==========	==========

Customers are granted a credit period of 30 to 270 (2019: 30 to 270) days.

The Group applies the simplified approach to measure expected credit losses which uses a lifetime loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

The information about the exposure to credit risk and the loss allowances calculated for trade receivables are summarised below:

Group	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
2020			
Not past due	2,447	-	2,447
More than 120 days and less than 365 days past due	13,219	-	13,219
	----------------	----------------	---------------
	15,666	-	15,666
	=========	=========	=========
2019			
More than 120 days and less than 365 days past due	2,637	-	2,637
	=========	=========	=========

Management does not expect any material credit losses based on the then assessment as at the reporting date.

9. CONTRACT ASSETS

Group	2020 RM'000	2019 RM'000
Contract assets relating to construction contracts	3,565	16,162
	==========	==========

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within next twelve months.

(b) The movement is summarised as below:

	2020 RM'000	2019 RM'000
At 1 July	16,162	(^)
Revenue recognised	8,609	16,202
Invoiced to customers	(21,206)	(40)
	----------------	----------------
At 30 June	3,565	16,162
	==========	==========

^ *less than RM1,000*

(c) At each reporting date, the Group assesses whether any of the contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

The Group applies the simplified approach to measure expected credit losses which uses a lifetime loss allowance for all contract assets.

To measure the expected credit losses contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

Management does not expect any material credit losses based on the then assessment as at the reporting date.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group	2020 RM'000	2019 RM'000
Other receivables	627	852
Amount owing by a related company (a)	900	-
Deposits	-	3
Prepayments	-	16
Goods and services tax recoverable	-	22
	----------------	----------------
	1,527	893
	==========	==========

Company	2020 RM'000	2019 RM'000
Other receivables	46	-
Deposits	2	2
Prepayments	14	14
	----------------	----------------
	62	16
	==========	==========

(a) The amount owing by a related company is non-trade in nature, unsecured, interest-free and receivable on demand.

11. FIXED DEPOSITS WITH LICENSED BANKS

In the previous financial year, the fixed deposits with licensed banks of the Group and of the Company bore effective interest rates of 3.15% and 3.15% per annum respectively. The fixed deposits have maturity periods of one month for the Group and the Company respectively.

12. ASSETS, LIABILITIES AND RESERVES CLASSIFIED AS HELD FOR SALE

The assets, liabilities and reserves of the disposal groups are as follows:

Group	2020 RM'000	2019 RM'000
Assets Classified as Held for Sale		
<u>Non-current assets</u>		
Property, plant and equipment	51,309	51,912
Investment property	4,039	4,019
Land use rights	6,164	6,398
Investment in a joint venture	9,297	7,243
Deferred tax asset	1,633	-
	72,442	69,572
Loss on re-measurement of assets classified as held for sale*	(70,395)	(69,572)
	2,047	-

Group	2020 RM'000	2019 RM'000
Current assets		
Inventories	8,059	11,305
Trade receivables	15,799	31,443
Other receivables and deposits	3,323	4,234
Current tax asset	4,084	-
Short-term investments	75,700	56,614
Fixed deposits with licensed banks	1,090	1,085
Cash and bank balances	13,429	14,631
	121,484	119,312
Total	123,531	119,312

Reserves Classified as Held for Sale

Foreign exchange translation reserves	40,420	40,338

Liabilities Classified as Held for Sale

Trade payables	1,263	2,682
Other payables and accruals	10,496	7,590
Current tax liability	-	148
Total	11,759	10,420

Company

Assets Classified as Held for Sale

Investments in subsidiaries	70,000	385,125
Accumulated impairment losses	-	(315,125)
	70,000	70,000

* *The carrying amount of non-current assets is measured at the lower of its carrying amount and fair value less costs to sell. The loss on re-measurement to fair value less costs to sell of RM823,000 (2019: RM69,572,000) is recognised in statements of profit or loss and other comprehensive income as disclosed in note 21 to the financial statements.*

(a) On 12 December 2018, the Company announced the proposed disposal of its foreign assets for cash via an open tender exercise. The foreign assets of the Company comprise investments in its wholly-owned subsidiary, namely Be Top and the wholly-owned subsidiary of Be Top, namely Top Textile. The foreign assets represent the production and sale of fabric products segment of the Group. On 2 May 2020, the Company entered into a conditional share sale agreement with GIL for disposal of the entire equity interest in Be Top to GIL for cash consideration of RM70 million.

The assets, liabilities and reserves of the production and sale of fabric products segment have been presented in the statements of financial position as “Assets classified as held for sale”, “Liabilities classified as held for sale” and “Reserves classified as held for sale”, and its results are presented separately on the statements of profit or loss and other comprehensive income as “Profit/(Loss) for the financial year from discontinued operations”. The status of the proposed disposal is disclosed in note 30(c) and the transaction is expected to be completed within the next twelve months.

(b) Included in property, plant and equipment are leasehold land and buildings of TAS classified as held for sale amounted to RM414,000. On 29 December 2016, TAS entered into a conditional sale and purchase agreement to dispose its properties for a total consideration of RM470,000. The properties have been reclassified as assets held for sale. The disposal of the properties has not been completed as at 30 June 2020 and is expected to be completed within the next twelve months.

Included in other payables and accruals is the purchase consideration received from the purchaser of the said properties, amounted to RM467,000, classified as liabilities held for sale.

13. SHARE CAPITAL

	Number of ordinary shares			
	2020	2019	2020	2019
Group and Company	’000	’000	RM’000	RM’000
At 1 July	394,899	394,899	118,470	118,470
Issuance of shares	38,462	-	16,346	-
	------------	------------	------------	------------
At 30 June	433,361	394,899	134,816	118,470
	=======	=======	=======	=======

During the financial year, the Company has issued 38,461,538 new ordinary shares to satisfy partially the total purchase consideration for the acquisition of 51% equity interest in TAS.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

14. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM’000	RM’000	RM’000	RM’000
Statutory reserves (a)	15,933	15,697	-	-
Accumulated losses	(66,581)	(68,371)	(89,110)	(87,901)
	------------	------------	------------	------------
	(50,648)	(52,674)	(89,110)	(87,901)
	=======	=======	=======	=======

(a) The statutory reserves represent amounts transferred from profit after tax of the subsidiary established in the PRC in accordance with the PRC's laws and regulations as explained in note 3.

15. TRADE PAYABLES

The credit periods granted by trade payables ranged from 60 to 90 (2019: 60 to 90) days.

16. OTHER PAYABLES AND ACCRUALS

Group	2020 RM'000	2019 RM'000
Other payables	3,489	3,424
Amount owing to a shareholder (a)	1,000	-
Accruals	2,364	2,432
	6,853	5,856

Company		
Other payables	3,448	3,424
Amount owing to a shareholder (a)	1,000	-
Amounts owing to subsidiaries (b)	36,743	36,473
Accruals	2,364	2,409
	43,555	42,306

(a) The amount owing to a shareholder represents cash consideration payable for the acquisition of 51% equity interest in TAS as disclosed in note 5(a). The amount owing to is unsecured and interest-free.

(b) The amounts owing to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

17. BANK BORROWING

Revolving credit is unsecured and bears effective interest rate at cost of fund plus 2% per annum. The balance is repayable within the next twelve months.

The movements of bank borrowing are presented in the statements of cash flows.

18. REVENUE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers				
Contract revenue	8,489	16,102	-	-
Rendering of services	120	100	-	-
	8,609	16,202	-	-
Revenue from other sources	42	34	42	34
	8,651	16,236	42	34
Analysis of revenue from contracts with customers:				
Geographical Areas				
Domestic	8,651	16,236	42	34
Timing of Revenue Recognition				
Over time	8,609	16,202	-	-

19. LOSS BEFORE TAX

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Loss before tax is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audit:				
- auditors of the Company	132	40	41	40
- other auditors	20	20	-	-
- other assurance engagements	42	200	42	200
Impairment loss on investments in subsidiaries	-	-	-	85,477
Interest expense	3	-	-	-
Interest income	(42)	(34)	(42)	(34)
Net unrealised loss/(gain) on foreign exchange	198	(411)	198	(411)
Staff costs:				
- short-term employee benefits	398	501	260	295
- defined contribution benefits	30	26	14	17
Waiver of debts	(236)	-	-	-

20. TAX (INCOME)/EXPENSE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Continuing operations				
Current tax				
- current financial year	26	86	-	-
Discontinued operations				
Current tax				
- current financial year	351	1,360	-	-
- prior financial years	(2,407)	-	-	-
	(2,056)	1,360	-	-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Discontinued operations				
Deferred tax				
- prior financial years	(1,633)	-	-	-
	(3,689)	1,360	-	-
Total	(3,663)	1,446	-	-

The corporation income tax rate (the "applicable tax rate") in Malaysia is 24% (2019: 24%). The taxation for other jurisdictions is calculated at the tax rate prevailing in the respective jurisdiction.

The difference between tax (income)/expense and the amount of tax determined by multiplying the loss before tax to the applicable tax rate, is analysed as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial year	2,073	(73,867)	(1,209)	(86,430)
Tax (income)/expense	(3,663)	1,446	-	-
Loss from continuing and discontinued operations before tax	(1,590)	(72,421)	(1,209)	(86,430)
Tax calculated at the applicable tax rate	(382)	(17,381)	(290)	(20,743)
Non-deductible expenses	1,205	18,845	290	20,842
Non-taxable income	(439)	-	-	(99)
Effects of differential in tax rates of subsidiaries	(7)	(18)	-	-
Prior financial years	(4,040)	-	-	-
	(3,663)	1,446	-	-

21. PROFIT/(LOSS) FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATIONS

As disclosed in note 12 to the financial statements, the Company is in the process of disposing of its production and sale of fabric products segment which is expected to be completed within next twelve months.

An analysis of the results of the discontinued operations is as follows:

Group	2020 RM'000	2019 RM'000
Revenue	93,887	109,876
Cost of sales	(85,623)	(100,657)
Gross profit	8,264	9,219
Other income	2,362	4,587
	10,626	13,806
Distribution and marketing expenses	(1,669)	(866)
Administrative and general expenses	(11,072)	(16,078)
Share of result of a joint venture, net of tax	2,173	1,300
Results from operating activities	58	(1,838)
Tax income/(expense)	3,689	(1,360)
Results from operating activities, net of tax	3,747	(3,198)
Loss on re-measurement to fair value less costs to sell	(823)	(69,572)
Profit/(Loss) after tax from discontinued operations	2,924	(72,770)
Attributable to:		
Owners of the Company	2,924	(72,770)

(a) Included in the results from operating activities are the following:

	2020 RM'000	2019 RM'000
Allowance for doubtful debts	2,165	6,558
Amortisation of land use rights	-	70
Auditors' remuneration:		
- statutory audit:		
- auditors of the Company	118	180
- other assurance engagements	-	80
Depreciation of property, plant and equipment	-	1,410
Interest income	(129)	(151)
Inventories written down	2,054	429
Net gain on financial assets at fair value through profit or loss mandatorily	(1,831)	(2,539)
Net unrealised loss/(gain) on foreign exchange	196	(408)
Property, plant and equipment written off	144	2,024
Rental income from investment property	(598)	(634)
Reversal of allowance for doubtful debts	-	(5)
Staff costs:		
- short-term employee benefits	8,441	13,274
- defined contribution benefits	616	710

(b) The cash flows attributable to the discontinued operations are the following:

	2020 RM'000	2019 RM'000
Net cash generated from operating activities	19,960	22,603
Net cash used in investing activities	(16,592)	(31,215)
Net cash generated from/(used in) discontinued operations	3,368	(8,612)

22. (LOSS)/EARNINGS PER SHARE

Group	2020	2019
Continuing operations		
Loss for the financial year attributable to owners of the Company (RM'000)	(898)	(1,097)
Weighted average number of ordinary shares ('000)	399,009	394,899
Basic loss per share (sen)	(0.23)	(0.28)
Discontinued operations		
Profit/(Loss) for the financial year attributable to owners of the Company (RM'000)	2,924	(72,770)
Weighted average number of ordinary shares ('000)	399,009	394,899
Basic earnings/(loss) per share (sen)	0.73	(18.43)

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

23. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel of the Group and of the Company includes executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensations during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Director of the Company				
Continuing operations				
Short-term employee benefits:				
- fees	139	132	139	132
- salaries, bonuses and other benefits	19	150	19	29
	158	282	158	161
Defined contribution benefits	-	14	-	-
Total	158	296	158	161
Discontinued operations				
Short-term employee benefits:				
- salaries, bonuses and other benefits	970	1,959	-	-
Defined contribution benefits	11	10	-	-
Total	981	1,969	-	-
Other Key Management Personnel				
Short-term employee benefits	136	283	-	-
Defined contribution benefits	5	5	-	-
Total	141	288	-	-

24. RELATED PARTY DISCLOSURES

(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) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:

(i) The significant transactions of the Group with its related parties are as follows:

	2020 RM'000	2019 RM'000
Wujiang Rural Commercial Bank ("WRC")^		
Interest income	1,831	2,507
	========	=======
Azri, Lee Swee Seng & Co		
Professional and legal fees	40	-
	========	=======

(ii) The significant balances of the Group with its related parties are as follows:

WRC^	2020 RM'000	2019 RM'000
Short-term investments	75,700	54,234
Fixed deposits with licensed banks	1,090	1,085
Bank balances	512	1,787
	========	========

^ *Pan Ding is the executive director and a major shareholder of the Group. He was appointed as a member to the board of directors of WRC since 9 March 2015. In accordance with MFRS 124 Related Party Disclosures, by virtue of his appointment to the board of directors of WRC, WRC is a related party of the Group.*

25. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	2020 RM'000	2019 RM'000
Financial assets at amortised cost		
Group		
Trade receivables	15,666	2,637
Other receivables and deposits	1,527	855
Fixed deposits with licensed banks	-	2,100
Cash and bank balances	187	25
	17,380	5,617
Company		
Other receivables and deposits	48	2
Fixed deposits with licensed banks	-	2,100
Cash and bank balances	103	9
	151	2,111
Financial liabilities at amortised cost		
Group		
Trade payables	18,723	18,647
Other payables and accruals	6,853	5,856
Bank borrowing	7,750	-
	33,326	24,503
Financial liabilities at amortised cost		
Company		
Other payables and accruals	43,555	42,306

(b) Fair value of financial instruments

The fair values of all financial assets and financial liabilities approximate or are at their carrying amounts mainly due to their short term maturities.

26. FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities are exposed to interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk is primarily related to the Group's interest-bearing borrowing.

The Group's policy is to borrow using a mix of fixed and floating rates. The objective is to reduce the impact of a rise in interest rates and to enable savings to be enjoyed if interest rates fall.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group manages its interest rate risk by placing such funds on short tenures of twelve months or less.

Sensitivity analysis for interest rate risk

The financial impact arising from changes in interest rate is not expected to be significant, accordingly the sensitivity has not been presented.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables as well as contract assets. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one (2019: one) customer which constituted approximately 100% (2019: 100%) of its trade receivables as at the end of the reporting period.

(ii) Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

The Group's and the Company's financial liabilities as at the end of the reporting period are expected to be settled within one year.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net debts from financial institutions divided by total equity.

The Group monitors capital using a gearing ratio, which is net debts divided by equity attributable to owners of the Company.

	2020 RM'000	2019 RM'000
Bank borrowing	7,750	-
Less: Cash and bank balances	(187)	-
Net debts	7,563	-
Total equity attributable to owners of the Company	124,588	-
Gearing ratio	6.1%	-

28. CAPITAL COMMITMENTS

	2020 RM'000	2019 RM'000
Continuing operations		
Acquisition of 24% additional equity interest in DVSB	5,925	-
Discontinued operations		
Construction of property, plant and equipment	-	10,045

29. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to management as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

(a) Segments

The reportable segments are as follows:

(i) Production and sale of fabric products

Production of customised woven loom-state fabrics made from cotton, synthetic and mixed yarn.

(ii) Project management services and infrastructure construction

Provision of project management services and construction of infrastructure.

(iii) Mobile and digital solutions

Development, operations and maintenance of mobile messaging and mobile payment applications.

(iv) Investment

Investment holding and management services.

(b) Business segments

2020	oduction and sale of fabric products (discontinued) RM'000	Project management services and infrastructure construction (continuing) RM'000	Mobile and digital solutions (continuing) RM'000	Investment (continuing) RM'000	Consolidated RM'000
Revenue	93,887	8,609	-	42	102,538
Represented by:					
Revenue recognised at a point in time					
- sales of goods	93,887	-	-	-	93,887
Revenue recognised over time					
- contract revenue	-	8,489	-	-	8,489
- rendering of services	-	120	-	-	120
Revenue from other sources	-	-	-	42	42
					102,538
Results					
Segment profit/(loss)	58	91	95	(1,209)	(965)
Consolidated adjustment					(625)
Consolidated loss before tax					(1,590)

2020	oduction and sale of fabric products (discontinued) RM'000	Project management services and infrastructure construction (continuing) RM'000	Mobile and digital solutions (continuing) RM'000	Investment (continuing) RM'000	Consolidated RM'000
Included in the measure of segment profit/(loss)					
Allowance for doubtful debts	2,165	-	-	-	2,165
Interest expense	-	-	3	-	3
Interest income	(129)	-	-	(42)	(171)
Inventories written down	2,054	-	-	-	2,054
Net gain on financial assets at fair value through profit or loss mandatorily	(1,831)	-	-	-	(1,831)
Net unrealised loss on foreign exchange	196	-	-	198	394
Property, plant and equipment written off	144	-	-	-	144
Rental income	(598)	-	-	-	(598)
Share of result of a joint venture	(2,173)	-	109	-	(2,064)
Waiver of debts	-	-	(236)	-	(236)
Segment assets	117,400	19,761	15,231	165	152,557
Goodwill					14,827
Tax assets					5,717
					173,101
Segment liabilities	11,292	18,758	8,223	6,812	45,085

2019	Production and sale of fabric products (discontinued) RM'000	Project management services and infrastructure construction (continuing) RM'000	Investment (continuing) RM'000	Consolidated RM'000
Revenue	109,876	16,202	34	126,112
Represented by:				
Revenue recognised at a point in time				
- sales of goods	109,876	-	-	109,876
Revenue recognised over time				
- contract revenue	-	16,102	-	16,102
- rendering of services	-	100	-	100
Revenue from other sources	-	-	34	34
				126,112
Results				
Segment (loss)/profit	(1,838)	353	(86,430)	(87,915)
Consolidated adjustment				15,494
Consolidated loss before tax				(72,421)

2019	Production and sale of fabric products (discontinued) RM'000	Project management services and infrastructure construction (continuing) RM'000	Investment (continuing) RM'000	Consolidated RM'000
Included in the measure of segment loss/(profit)				
Allowance for doubtful debts	6,558	-	-	6,558
Amortisation of land use rights	70	-	-	70
Depreciation of property, plant and equipment	1,410	-	-	1,410
Interest income	(151)	-	(34)	(185)
Inventories written down	429	-	-	429
Net gain on financial assets at fair value through profit or loss mandatorily	(2,539)	-	-	(2,539)
Net unrealised gain on foreign exchange	(408)	-	(411)	(819)
Property, plant and equipment written off	2,024	-	-	2,024
Rental income	(634)	-	-	(634)
Reversal of allowance for doubtful debts	(5)	-	-	(5)
Share of result of a joint venture	(1,300)	-	-	(1,300)
Segment assets	119,312	19,692	2,215	141,129
Segment liabilities	10,272	18,670	5,833	34,775
Tax liabilities				220
				34,995

(c) Geographical areas

The geographical information on the revenue of the Group based on geographical location of its customers is as follows:

	2020 RM'000	2019 RM'000
Continuing operations		
Malaysia	8,651	16,236
Discontinued operations		
PRC	93,887	109,876
	102,538	126,112

The information on the disaggregation of revenue based on geographical region is summarised below:

2020	At a point in time RM'000	Overtime RM'000	Other sources RM'000	Total RM'000
Continuing operations				
Malaysia	-	8,609	42	8,651
Discontinued operations				
PRC	93,887	-	-	93,887
	93,887	8,609	42	102,538
2019				
Continuing operations				
Malaysia	-	16,202	34	16,236
Discontinued operations				
PRC	109,876	-	-	109,876
	109,876	16,202	34	126,112

(d) Major customers

The major customers of the Group with individual revenue equal or more than 10% of the Group's revenue (consist of continuing and discontinued operations) are as follows:

	2020 RM'000	2019 RM'000
Nil (2019: two) major customers from production and sale of fabric products (discontinued operations)	-	30,380
	========	========

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 2 May 2019, the Company proposed to undertake capital reduction of its share capital pursuant to Section 117 of the Companies Act 2016. On 15 October 2020, the Company announced that it has lodged with the Companies Commission of Malaysia ("CCM") the relevant documents pursuant to Section 119 of the Companies Act 2016, to confirm its compliance with the requirements for the capital reduction of the Company. As of the date of this report, the Company is awaiting the written confirmation of CCM on the effective date of the capital reduction.

(b) On 28 August 2020, the Company entered into a share sale agreement dated on the same day with Dato' Soo Sze Ching, in relation to the disposal of 100% equity interest held in GGSB comprising 750,000 ordinary shares for a cash consideration of RM130,000. The transaction has been completed on 1 September 2020. GGSB represented the project management services and infrastructure construction segment. The segment assets and segment liabilities as at 30 June 2020 are as follows:

	RM'000
Segment assets	19,761
Segment liabilities	(18,758)

Net assets	1,003
	=========

(c) As disclosed in note 12(a), on 21 September 2020, the Company announced that it has received the first cash payment for the sum of RM12 million from GIL. Tranche 1 completion is deemed completed on 21 September 2020 in accordance with the terms agreed. Accordingly, GIL is now the holder for the Tranche 1 sale share comprising of 43 Be Top's shares, representing 21.5% of the issued shares in Be Top. The Company still owns 78.5% of the issued shares in Be Top after the Tranche 1 completion.

(d) As disclosed in note 16(a), on 21 September 2020, the Company had paid the balance cash consideration of RM1,000,000 for the acquisition of 51% equity interest in TAS.

(e) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO ("CMCO") until 9 June 2020 and then, Recovery MCO ("RMCO") until 31 August 2020. On 28 August 2020, the Government of Malaysia announced that the RMCO will be extended to 31 December 2020. On 12 October 2020, the Government of Malaysia announced the reimposition of the CMCO on four states and territories, namely Sabah, Selangor, Kuala Lumpur and Putrajaya, as a third wave of Covid-19 pandemic rages on. The restrictions will kick in for Sabah at midnight on 13 October 2020 while Selangor, Kuala Lumpur and Putrajaya will see the CMCO take effect at midnight on 14 October 2020. They will last for two weeks until 26 October 2020 for Sabah and 27 October 2020 for the rest. On 24 October 2020, the Government of Malaysia announced that the CMCO for Sabah will be extended until 9 November 2020. On 26 October 2020, the Government of Malaysia announced that the CMCO in Selangor, Kuala Lumpur and Putrajaya will be extended until 9 November 2020.

The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted business, our customers and the Group’s operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is challenging to determine the duration of the impact on the business.

As of the date of this report, management of the Group is actively monitoring and managing its operations to minimise any impact that may arise from COVID-19. However, management is unable to estimate and predict the full financial impact of COVID-19 on the Group’s financial results for the financial year ending 30 June 2021 as the pandemic has yet to run its full course. The directors shall continuously and vigilantly assess the impact of the COVID-19 crisis on its operations as well as the financial position for the financial year ending 30 June 2021.

31. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 30 October 2020.

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, Pan Ding and Datuk Ng Bee Ken, being two of the directors of Pertama Digital Berhad (formerly known as Sinotop Holdings Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 50 to 101 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

PAN DING
Director

DATUK NG BEE KEN
Director

Date: 30 October 2020

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Pan Ding (Passport No.: E56281078), being the director primarily responsible for the financial management of Pertama Digital Berhad (formerly known as Sinotop Holdings Berhad), do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 50 to 101 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 Pan Ding in the People's Republic of China on 30 October 2020	PAN DING

Before me:

Noorashikin Hj Mohd Bardam

Consular Officer

LIST OF PROPERTIES ELD BY THE GROUP
AS AT 30 JUNE 2020

Location	Description	Area	Use of the land / building	Tenure	Net Book Value	
					RMB'000	RM'000
Huaying Village, Lili Town, Wujiang City, Jiangsu Province, PRC (Now known as Fenhu Economic Development Zone, Wujiang City, Jiangsu Province, PRC)	Land	81,790 square meters	Industrial	50 years expiring on 20/4/2056	7,236	4,382
	Factory Building and employees' dormitory *(Acquired in August 2008)*	30,195 square meters	Industrial	50 years expiring on 20/4/2056	31,917	19,329
	A warehouse building *(Acquired in December 2018)*	31,517 square meters	Industrial	50 years expiring on 20/4/2056	29,914	18,116
Wujiang City Chamber of Commerce Center Ren Min Lu Nan Chang An Lu Xi	One floor of Wujiang City Chamber of Commerce Center *(Acquired in December 2018)*	1,500 square meters	Office	50 years expiring on 23/11/2052	6,669	4,039

Notes:

The exchange rate used in the translation of the above financial information is summarised as below:

RMB 1: RM0.6056 at 30 June 2020

PERTAMA DIGITAL BERHAD *(Formerly known as Sinotop Holdings Berhad)*

ANALYSIS OF SHAREHOLDINGS AT 8 OCTOBER 2020

Total number of issued shares	:	433,360,812 Ordinary Shares
Class of Shares	:	Ordinary shares
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	**Number of Holders**		**Number of Shares**		**%**	
	Malaysian	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100	614	2	30,798	160	0.01	0.00
100 – 1000	615	5	279,905	2,875	0.06	0.00
1,001 – 10,000	1,263	11	6,934,650	55,453	1.60	0.02
10,001 – 100,000	955	13	33,206,388	409,815	7.66	0.09
100,001 to less than 5%	159	7	163,971,168	3,344,000	37.84	0.77
5% and above	-	1	-	225,125,000	-	51.95
Total	**3,606**	**39**	**204,423,509**	**228,937,303**	**47.17**	**52.83**

SUBSTANTIAL SHAREHOLDERS (Based on the Register of Substantial Shareholders)

	Direct		**Indirect**	
Name	**Number of Shares**	**% of Issued Share Capital**	**Number of Shares**	**% of Issued Share Capital**
Gifted Investments Limited	225,125,000	51.95	-	-
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	30,100,000	6.95	-	-
Pan Ding	-	-	225,125,000*	51.95

DIRECTORS' SHAREHOLDINGS (Based on the Register of Directors' Shareholdings)

Pan Ding	-	-	225,125,000*	51.95
Tun Dato' Seri Zaki Bin Tun Azmi	-	-	20,230,000#	4.67

Note:

** Deemed interested through Gifted Investments Limited by virtue of Section 8 of the Companies Act 2016*

 # Deemed interested through shareholding of spouse by virtue of Section 59(11) of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS
THIRTY (30) LARGEST SHAREHOLDERS AS AT 8 OCTOBER 2020

	Name of Shareholders	Number of Shares	%
1	Gifted Investments Limited	225,125,000	51.95
2	Nik Sazlina Binti Mohd Zain	20,330,000	4.69
3	Sabri Bin Ab Rahman	18,461,538	4.26
4	Abdel Aziz @ Abdul Aziz Bin Abu Bakar	14,300,000	3.30
5	Ng Choon Kooi	11,911,900	2.75
6	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Abdel Aziz @ Abdul Aziz Bin Abu Bakar	11,800,000	2.72
7	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Ibrahim Bin Mohd Nor	10,000,000	2.31
8	Amir Fazly Bin Ahmad Nazri	9,569,200	2.21
9	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ahmad Nazri Bin Abdullah (Margin)	7,077,700	1.63
10	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Saham Amanah Sabah (Acc 2- 940410)	5,187,600	1.20
11	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad For Abdel Aziz @ Abdul Aziz Bin Abu Bakar (SMART)	4,000,000	0.92
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for JS Portfolio Sdn. Bhd.	2,907,900	0.67
13	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Muthukumar A/L Ayarpadde	2,727,500	0.63
14	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Anitha Binti Mohamed Haniffa	2,426,900	0.56
15	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tham Lam Tze	1,651,300	0.38
16	Lim Ann Kok	1,585,200	0.37
17	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Chuen Ket	1,244,200	0.29
18	Zulklefli Bin Wasim	1,140,000	0.26
19	Hsu, Ching-Fu	1,138,140	0.26
20	Choong Fook Hon	1,033,600	0.24
21	CGS-CIMB Nominees (Tempatan) Sdn. Bhd, Pledged Securities Account for Yap Yoon Sun (MY3608)	1,000,000	0.23
22	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Jian Chern (E-TSA/KTI)	822,600	0.19
23	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Hock Guan	800,000	0.18
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Saw Soon Yee (Penang-CL)	750,000	0.17
25	Johari Bin Shafie	732,600	0.17
26	Chee Wei Heng	650,000	0.15
27	Hsu, Ching-Fu	650,000	0.15
28	Ng Man Leong	600,000	0.14
29	Teo Tong Kooi	574,000	0.13
30	Lim Chun Seen	572,600	0.13

PERTAMA DIGITAL BERHAD
(Formerly known as Sinotop Holdings Berhad)
Registration No. 198401002327 (114842-H)
(Incorporated in Malaysia)

NOTICE OF THE THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be held fully virtual from the Broadcast Venue at Gallery 2, Level 1, Concorde Hotel, 2 Jalan Sultan Ismail, Kuala Lumpur, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Tuesday, 8 December 2020 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of Directors and Auditors thereon. *(Please refer to Note 1)*

2. To approve the payment of Directors' fees and benefits of RM158,000 for the financial year ended 30 June 2020. *Ordinary Resolution 1*

3. To approve the payment of Directors' fees and benefits of up to an amount of RM500,000 from 1 July 2020 until the next Annual General Meeting of the Company. *Ordinary Resolution 2*

4. To re-elect the following Directors who retire in accordance with the Company's Constitution:

   (a) Datuk Ng Bee Ken *Ordinary Resolution 3*
   (b) Mr. Pan Dong *Ordinary Resolution 4*
   (c) Tun Dato' Seri Zaki bin Tun Azmi *Ordinary Resolution 5*

5. To authorise the Directors to appoint Mazars PLT as auditors and to fix their remuneration. *Ordinary Resolution 6*

As Special Business:

6. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

   PROPOSED RETENTION OF DATUK NG BEE KEN AS INDEPENDENT NON-EXECUTIVE DIRECTOR *Ordinary Resolution 7*

   "THAT Datuk Ng Bee Ken who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Independent of the Company."

   PROPOSED RETENTION OF WAN KAMARUL ZAMAN BIN WAN YAACOB AS INDEPENDENT NON-EXECUTIVE DIRECTOR *Ordinary Resolution 8*

   "THAT Encik Wan Kamarul Zaman Bin Wan Yaacob who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company."

Ordinary Resolution 9

PROPOSED RETENTION OF LOW YAN SEONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr. Low Yan Seong who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company."

AUTHORITY TO ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016

"THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being." *Ordinary Resolution 10*

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG (SSM PC No. 201908002065)
SEOW FEI SAN (SSM PC No. 201908002288)
Secretaries

Petaling Jaya

30 October 2020

NOTES TO THE NOTICE OF THE THIRTY-SIXTH ANNUAL GENERAL MEETING:

1. *The members' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and hence, the matter will not be put for voting.*

2. *In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the Thirty-Sixth Annual General Meeting ("36th AGM" or "Meeting") of the Company will be held fully virtual and entirely via remote participation and voting. All members are advised to participate in the 36th AGM remotely via the Remote Participation and Voting facilities provided by Aegis Communication Sdn. Bhd. via https://web.vote2u.app. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 36th AGM.*

3. *Members may submit questions to the Board of Directors via https://web.vote2u.app during the live streaming via real time submission of typed text. Kindly refer to the Administrative Guide for further details.*

4. *The Broadcast Venue of the 36th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members / proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.*

5. *Only depositors whose names appear in the Record of Depositors as at 1 December 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

6. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his / her behalf. A proxy may but need not be a member of the Company.*

7. *A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he / she shall specify the proportions of his / her holdings to be represented by each proxy.*

8. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.*

9. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

10. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.*

11. *The instrument appointing a proxy must be deposited/submitted via the following manners not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof:*

    (i) By hardcopy form

    The Proxy Form must be deposited at the Company's registered office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

    (ii) By electronic form

    The e-Proxy Form can be electronically submitted/lodged via the RPV Online portal at https://web.vote2u.app (applicable to individual shareholders only). Please refer to the Administrative Guide for the procedures on electronic lodgement of Proxy Form.

12. *Explanatory Notes:*

Ordinary Resolution 1 & 2
Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors ("Board") agreed that the members' approval shall be sought at the Thirty-Sixth Annual General Meeting ("AGM") on the Directors' fees and benefits.

- *Ordinary Resolution 1 on payment of Directors' fees and benefits for the financial year ended 30 June 2020*

  The total amount of Directors' fees and benefits (meeting allowance) payable to the Non-Executive Directors for the financial year ended 30 June 2020 tabled for the members' approval is RM158,000.

  Details of the Directors' fees and benefits payable to the Non-Executive Directors for the financial year ended 30 June 2020 are disclosed in the Corporate Governance Overview Statement as contained in Annual Report 2020.

- *Ordinary Resolution 2 on payment of Directors' fees and benefits from 1 July 2020 until the next AGM (approximately 17 months)*

  The total amount of Directors' fees and benefits payable to the Non-Executive Directors tabled for the members' approval is for an amount up to RM500,000. The figure is calculated with the assumption that there will be changes to the Board size during the aforesaid period and the number of Board, Board Committees and general meetings to be attended by the Non-Executive Directors.

  The Board will seek members' approval at the next AGM in the event the amount of Directors' fees and benefits is insufficient due to an increase in Board size and/or number of meetings.

Ordinary Resolutions 7 to 9
Proposed Retention of Independent Non-Executive Directors

The proposed Ordinary Resolutions 7 to 9 are proposed pursuant to recommendation of the Malaysian Code of Corporate Governance and if passed, will allow Datuk Ng Bee Ken, Encik Wan Kamarul Zaman Bin Wan Yaacob and Mr. Low Yan Seong to be retained and continue to act as Independent Non-Executive Directors of the Company ("Retention").

The full details of the Board's justifications for the Retention are set out in the Corporate Governance Overview Statement as contained in Annual Report 2020.

Ordinary Resolution 10
Authority to Allot Shares Pursuant to the Companies Act 2016

At last year's AGM, mandate was given to Directors to issue at no more than 10% of the total number of issued shares of the Company. As at the date of this Notice, 38,461,538 new ordinary shares at an issue price of RM0.13 per ordinary share were issued as consideration shares to satisfy RM5 million out of the total purchase consideration of RM7 million to acquire 51% equity interest in Television Airtime Services Sdn. Bhd. The said shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 22 May 2020. That authority granted will expire at the conclusion of the forthcoming Thirty-Sixth AGM.

As such, the Board would like to seek for a new mandate. The Proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions, repayment of bank borrowings, etc. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

PERTAMA DIGITAL BERHAD

(Formerly Known as Sinotop Holdings Berhad)
198401002327(114842-H)
Incorporated in Malaysia

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We ....(BLOCK LETTERS)
NRIC No. /Company No. ....of
....

being (a) Member(s) of **PERTAMA DIGITAL BERHAD (Formerly known as Sinotop Holdings Berhad) Registration No. 198401002327 (114842-H)** hereby appoint the following person(s):

Proxy 1	**Proxy 2**
Name:	Name:
NRIC No.:	NRIC No.:
Email:	Email:
Phone No.:	Phone No.:
No. of shares to be represented:	No. of shares to be represented:

or failing him/her,

Proxy 1	**Proxy 2**
Name:	Name:
NRIC No.:	NRIC No.:
Email:	Email:
Phone No.:	Phone No.:
No. of shares to be represented:	No. of shares to be represented:

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at fully virtual from the Broadcast Venue at Gallery 2, Level 1, Concorde Hotel, 2 Jalan Sultan Ismail, Kuala Lumpur, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Tuesday, 8 December 2020 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:-

RESOLUTIONS	**FOR**	**AGAINST**
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		

Please indicate with an “X” in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of ....……..., 2020

Signature / Seal of Member

***Notes**:*

NOTES TO THE NOTICE OF THE THIRTY-SIXTH ANNUAL GENERAL MEETING:

1. *The members' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and hence, the matter will not be put for voting.*

2. *In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the Thirty-Sixth Annual General Meeting ("36th AGM" or "Meeting") of the Company will be held fully virtual and entirely via remote participation and voting. All members are advised to participate in the 36th AGM remotely via the Remote Participation and Voting facilities provided by Aegis Communication Sdn. Bhd. via https://web.vote2u.app. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 36th AGM.*

3. *Members may submit questions to the Board of Directors via https://web.vote2u.app during the live streaming via real time submission of typed text. Kindly refer to the Administrative Guide for further details.*

4. *The Broadcast Venue of the 36th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members / proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.*

5. *Only depositors whose names appear in the Record of Depositors as at 1 December 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

6. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his / her behalf. A proxy may but need not be a member of the Company.*

7. *A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he / she shall specify the proportions of his / her holdings to be represented by each proxy.*

8. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.*

9. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

10. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.*

11. *The instrument appointing a proxy must be deposited/submitted via the following manners not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof:*

    (i) By hardcopy form

    The Proxy Form must be deposited at the Company's registered office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

    (ii) By electronic form

    The e-Proxy Form can be electronically submitted/lodged via the RPV Online portal at https://web.vote2u.app (applicable to individual shareholders only). Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.

PERTAMA DIGITAL BERHAD
Formerly known as Sinotop Holdings Berhad
Company No.: 198401002327 (114842-H)

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