

**PERTAMA DIGITAL BERHAD**  
**(FORMERLY KNOWN AS SINOTOP HOLDINGS BERHAD)**

198401002327 (114842-H)

*(Incorporated In Malaysia)*

**QUARTERLY UNAUDITED FINANCIAL REPORT**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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

	3 MONTHS		CUMULATIVE 3 MONTHS	
	CURRENT YEAR QUARTER ENDED 30/9/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 30/9/2019 RM'000 Audited	CURRENT FINANCIAL YEAR-TO-DATE ENDED 30/9/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR-TO-DATE ENDED 30/9/2019 RM'000 Audited
<b>CONTINUING OPERATIONS</b>				
Revenue	133	18	133	18
Cost of sales	-	-	-	-
<b>Gross profit</b>	<b>133</b>	<b>18</b>	<b>133</b>	<b>18</b>
Other operating income	14	-	14	-
Administrative expenses	(1,806)	(75)	(1,806)	(75)
Other operating expenses	(118)	(63)	(118)	(63)
	(1,777)	(120)	(1,777)	(120)
Finance cost	-	-	-	-
	(1,777)	(120)	(1,777)	(120)
Share of results of a joint venture	12	-	12	-
Profit/(Loss) before taxation	(1,765)	(120)	(1,765)	(120)
Taxation	-	-	-	-
Profit/(Loss) after taxation from continuing operations	(1,765)	(120)	(1,765)	(120)
<b>DISCONTINUED OPERATIONS</b>				
Profit after taxation from discontinued operations	1,875	1,956	1,875	1,956
Profit after taxation	110	1,836	110	1,836
<b>Other comprehensive expense, net of tax</b>				
Foreign currency translation differences	1,837	997	1,837	997
Total comprehensive income period	1,947	2,833	1,947	2,833
Profit/(loss) attributable to:				
Equity holders of the parent	(350)	1,836	(350)	1,836
Non-controlling interests	460	-	460	-
	110	1,836	110	1,836
Total comprehensive income attributable to:				
Equity holders of the parent	1,092	2,833	1,092	2,833
Non-controlling interests	855	-	855	-
	1,947	2,833	1,947	2,833
<b>Earnings/(loss) per share (sen) :</b>				
- Basic				
Continuing operations	(0.45)	(0.03)	(0.45)	(0.03)
Discontinued operations	0.36	0.50	0.36	0.50
- Diluted				
Continuing operations	(0.45)	(0.03)	(0.45)	(0.03)
Discontinued operations	0.36	0.50	0.36	0.50

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

**PERTAMA DIGITAL BERHAD**  
**(FORMERLY KNOWN AS SINOTOP HOLDINGS BERHAD) CO. NO. 198401002327 (114842-H)**  
**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT 30/9/2020 RM'000 UNAUDITED</b>	<b>AS AT 30/6/2020 RM'000 AUDITED</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	187	187
Investments in joint ventures	13,635	13,611
Goodwill	14,827	14,827
	28,649	28,625
<b>CURRENT ASSETS</b>		
Trade receivables	133	15,666
Contract assets	-	3,565
Other receivables, deposits and prepayments	958	1,527
Fixed deposits with licensed banks	8,000	-
Cash and bank balances	3,104	187
	12,195	20,945
Non-current assets classified as held for sale	124,302	123,531
<b>TOTAL ASSETS</b>	165,146	173,101
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	134,816	134,816
Statutory reserves	16,088	15,933
Accumulated losses	(64,837)	(66,581)
	86,067	84,168
Reserves of a disposal group held for sale	42,257	40,420
Equity attributable to owners of the Company	128,324	124,588
Non-controlling interests	18,361	3,428
<b>TOTAL EQUITY</b>	146,685	128,016
<b>CURRENT LIABILITIES</b>		
Trade payables	-	18,723
Other payables and accruals	3,343	6,853
Bank borrowing	7,750	7,750
	11,093	33,326
Liabilities directly associated with assets classified as held for sale	7,368	11,759
<b>TOTAL LIABILITIES</b>	18,461	45,085
<b>TOTAL EQUITY AND LIABILITIES</b>	165,146	173,101
<b>Net assets per share (RM)</b>	<b>0.30</b>	<b>0.29</b>

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

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Non distributable ----->		Distributable				
	Share Capital RM '000	Statutory 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
Balance at 1 July 2020 (audited)	134,816	15,933	40,420	(66,581)	124,588	3,428	128,016
Profit/(loss) for the financial period	-	-	-	(350)	(350)	460	110
Other comprehensive income for the financial period							
- Foreign currency translation differences	-	-	1,837	-	1,837	-	1,837
Total comprehensive income for the financial period	-	-	1,837	(350)	1,487	460	1,947
Disposal of equity interest in subsidiary	-	-	-	2,249	2,249	14,473	16,722
Transfer to statutory reserves	-	155	-	(155)	-	-	-
Balance at 30 September 2020 (unaudited)	<b>134,816</b>	<b>16,088</b>	<b>42,257</b>	<b>(64,837)</b>	<b>128,324</b>	<b>18,361</b>	<b>146,685</b>

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

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT QUARTER ENDED 30/9/2020 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 30/6/2020 RM'000 AUDITED
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation		
- Continuing operations	(1,765)	(825)
- Discontinuing operations	2,179	(765)
<b>Adjustments for :-</b>		
Allowance for impairment losses on trade receivables	-	2,165
Interest expense	-	3
Interest income	(17)	(171)
Inventory written down	-	2,054
Loss on disposal of subsidiaries	912	-
Loss on re-measurement to fair value less costs to sell	-	823
Net gain on financial assets at fair value through profit or loss mandatorily	(50)	(1,831)
Net unrealised loss on foreign exchange	291	394
Property, plant and equipment written off	-	144
Share of results of joint ventures	(534)	(2,064)
Waiver of debts	-	(236)
Operating profit/(loss) before working capital changes	1,016	(309)
Changes in inventories	3,064	1,207
Changes in receivables	(452)	17,022
Changes in payables	(14,865)	2,557
Cash from operations	(11,237)	20,477
Tax paid	(304)	(2,274)
Net cash generated from operating activities	(11,541)	18,203
<b>INVESTING ACTIVITIES</b>		
Acquisition of a joint venture	-	(11,575)
Acquisition of a subsidiary	-	(911)
Acquisition of property, plant and equipment	-	(601)
Acquisition of short-term investments	(613)	(19,086)
Proceeds received from disposal of subsidiaries	12,121	-
Interest received	17	171
(Placement)/Withdrawal of fixed deposits with tenure more than 3 months	-	(5)
Proceeds from disposal of short-term investments	-	2,370
Net cash for investing activities	11,525	(29,637)
<b>FINANCING ACTIVITY</b>		
Drawdown of bank borrowing	-	7,750
Interest paid	-	(3)
Net cash for financing activity	-	7,747
NET CHANGE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(16)	(3,687)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	13,616	16,756
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	3,514	547
CASH AND CASH EQUIVALENTS CARRIED FORWARD	17,114	13,616

Note : ( ) Denotes cash outflow

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

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**198401002327 (114842-H)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. BASIS OF PREPARATION**

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020. These explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2020.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2020. During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9 : Prepayment Features with Negative Compensation

Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long Term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs Standards 2015 – 2017 Cycles

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

		<i>Effective Date</i>
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

**A3. AUDITORS' REPORT**

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

**A4. SEASONAL OR CYCLICAL FACTORS**

**CONTINUING OPERATIONS**

**i) MOBILE AND DIGITAL SOLUTIONS BUSINESSES SEGMENT**

The mobile and digital solutions businesses of the Group are not significantly affected by any seasonal or cyclical factors.

**DISCONTINUED OPERATIONS**

**i) FABRIC PRODUCTION SEGMENT**

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

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

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**A5. UNUSUAL ITEMS**

During the current quarter under review, there were disposals of equity interests in the following subsidiaries :-

- i) The entire equity interest in Gorgeous Goldhill Sdn. Bhd. ("**GGSB**") was disposed to Dato' Soo Sze Ching for RM130,000. GGSB has ceased to be the subsidiary of the Group with effect from 1 September 2020, on which the disposal was completed.
- ii) On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from Gifted Investments Limited for the disposal of equity interest held in Be Top Group Limited ("**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**"). After Tranche 1 Completion, the Company still owns 78.5% of equity interest in Be Top and retains control over Be Top.

**A6. CHANGES IN ESTIMATES**

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

**A7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There was no issuance of any debt or equity securities during the quarter under review.

**A8. DIVIDEND**

There were no dividends declared or paid for the quarter and period ended 30 September 2020.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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

A9. SEGMENTAL INFORMATION

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

	Investment Holding, Mobile and Digital Solutions Businesses		Fabric Production		Adjustments and Elimination		Per Consolidated Financial Statements	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
<b>Revenue</b>	133	18	17,253	31,677	-	-	17,386	36,603
<b>Results</b>								
Segment profit/(loss) after tax	(1,765)	6	1,875	1,830	(155)	(687)	(45)	1,149
<b>Segmental profit/(loss) include the following :-</b>								
Depreciation	11	-	-	-	-	-	11	-
Interest income on :								
Financial assets measured at amortised costs	-	(18)	(17)	(20)	-	-	(17)	(38)
Financial assets at fair value through profit or loss loss mandatorily	-	-	(50)	(401)	-	-	(50)	(401)
Allowance for impairment loss on trade receivables	-	-	-	159	-	-	-	159
Rental income from investment property	-	-	-	(196)	-	-	-	(196)
Share of results of joint ventures	(12)	-	(522)	(68)	-	-	(534)	(68)
Unrealised loss/(gain) on foreign exchange	-	-	291	(647)	-	-	291	(647)
Writeback of allowance for impairment loss on trade receivables	-	-	-	(302)	-	-	-	(302)
Loss on disposal of equity interest in subsidiaries	862	-	50	-	-	-	912	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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

A9. SEGMENTAL INFORMATION

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

	Investment Holding, Mobile and Digital Solutions Businesses		Fabric Production		Group	
	<i>Continuing</i>		<i>Discontinued</i>			
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
<b>Assets</b>						
Segment assets	40,844	26,164	124,302	110,144	165,146	136,308
Consolidated total assets					<b>165,146</b>	<b>136,308</b>
<b>Liabilities</b>						
Segment liabilities	11,093	29,069	7,368	3,201	18,461	32,270
Current tax liabilities					-	620
					<b>18,461</b>	<b>32,890</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Not applicable

**A11. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There was no post balance sheet event.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

**DISPOSAL OF EQUITY INTERESTS HELD IN SUBSIDIARIES**

- a) On 28 August 2020, the Company entered into a share sale agreement dated on the same day with Dato' Soo Sze Ching ("Dato' Soo"), in relation to the disposal of 100% equity interest held in Gorgeous Goldhill Sdn. Bhd. ("GGSB") comprising 750,000 ordinary shares for a cash consideration of RM130,000. GGSB represented the project management services and infrastructure construction segment. The segment assets and segment liabilities as at 28 August 2020 are approximately:

	RM'000
Segment assets	20,054
Segment liabilities	(19,072)
Net assets	<u>982</u>

The transaction was completed on 1 September 2020 and control has been transferred to Dato' Soo on the even date.

The cash flow arising from the disposal is as detailed below:-

Trade receivables	(15,429)
Contract assets	(3,581)
Other receivables, deposits and prepayments	(1,046)
Tax recoverable	(4)
Cash and bank balances	(9)
Trade payables	19,036
Other payables	41
	<u>(992)</u>
Net loss on disposal	862
Disposal proceeds received	<u>(130)</u>
Less : cash and bank balances disposed	9
Cash flow from disposal	<u>(121)</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**A12. CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)**

**DISPOSAL OF EQUITY INTERESTS HELD IN SUBSIDIARIES (CONT'D)**

- b) On 2 May 2019, the Company announced that it had on the even date, entered into a conditional share sale agreement (“SSA”) with Gifted Investments Limited (“GIL”) in respect of the proposed disposal of the entire equity interest in Be Top Group Limited (“Be Top”) to GIL for a total cash consideration of RM70 million including assumption of liabilities by GIL.

On 18 June 2020, the Company and GIL entered into a supplemental SSA to vary and amend certain arrangement, terms and conditions of the SSA.

On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL. Accordingly, tranche 1 share sale has been completed in accordance with the terms set out in the SSA and supplemental SSA. After Tranche 1 Completion, the Company still owns 78.5% equity interest in Be Top and retains control over Be Top. On 19 November 2020, the Company and GIL have mutually agreed to extend the Tranche 2 Completion Date, i.e. 20 November 2020. The Second Cash Payment is now due and payable on or before 19 March 2021.

**A13. CHANGES IN CONTINGENT LIABILITIES / ASSETS**

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

**A14. CAPITAL COMMITMENT**

Financial Year	2021 RM'000	2020 RM'000
<i>Continuing operations</i>		
Acquisition of 24% additional equity interest in Dapat Vista (M) Sdn. Bhd.	5,925 =====	5,925 =====

**A15. FOREIGN CURRENCY TRANSLATION**

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

	As at Current Year Quarter Ended 30/9/2020	As at Preceding Year Corresponding Quarter Ended 30/9/2019
Condensed consolidated statement of comprehensive income		
Based on average rate for the quarter / financial period RMB1.00 to RM	0.6079	0.5927
Condensed consolidated statement of financial position		
Based on closing rate for the quarter / financial period RMB1.00 to RM	0.6105	0.5879

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

A16. SIGNIFICANT RELATED PARTY TRANSACTION

(a) **Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

(b) **Related Party Transactions**

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

A17. ASSETS CLASSIFIED AS HELD FOR SALE

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

As at the end of the current reporting period, the assets and liabilities and reserves of the production and sale of fabric products segment (operated by the subsidiary of Be Top), have been presented in the consolidated statement 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 consolidated statement of profit or loss and other comprehensive income as "Profit/(Loss) from discontinued operations".

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**A17. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)**

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

	30.9.2020	30.6.2020
<b>Assets</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	50,608	51,309
Investment property	4,071	4,039
Land use rights	6,213	6,164
Investment in a joint venture	8,779	9,297
Deferred tax asset	-	1,633
	<u>69,671</u>	<u>72,442</u>
Loss on re-measurement of assets classified as held for sale	(70,395)	(70,395)
	<u>(724)</u>	<u>2,047</u>
<b>CURRENT ASSETS</b>		
Inventories	7,034	8,059
Trade receivables	15,352	15,799
Other receivables and deposits	4,804	3,323
Current tax assets	1,596	4,084
Short-term investments	76,313	75,700
Fixed deposits with licensed banks	1,465	1,090
Cash and bank balances	17,114	13,429
	<u>123,678</u>	<u>121,484</u>
Total	<u>122,552</u>	<u>123,531</u>
<b>RESERVES CLASSIFIED AS HELD FOR SALE</b>		
Foreign exchange translation reserves	42,257	40,420
<b>LIABILITIES CLASSIFIED AS HELD FOR SALE</b>		
Trade payables	-	1,263
Other payables and accruals	7,835	10,496
Liabilities classified as held for sale	<u>7,835</u>	<u>11,759</u>

Included in property, plant and equipment are leasehold land and buildings of TAS classified as held for sale amounted to RM402,000. 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

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

**CONTINUING OPERATIONS**

Year-to-date revenue in the current quarter under review decreased by RM4.79 million as compared to the year-to-date revenue in the preceding financial year, which is due to the disposal of Gorgeous Goldhill Sdn. Bhd. as disclosed in Note A12 that was completed in 1 September 2020. Post completion, the continuing operations consist of investment holding and mobile and digital solutions businesses.

**DISCONTINUED OPERATIONS**

Revenue from the Group's fabric production and sale business segment decreased by RM14.43 million in the current financial period to-date (FY2021: RM17.25 million vs FY2020: RM31.68 million), resulted from a drop in demand following the outbreak of the coronavirus disease 2019 ("COVID-19") pandemic.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART B :-**

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

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

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

	Current Quarter Ended 30.9.2020	Immediate Preceding Quarter Ended 30.6.2020	Changes	
	RM'000	RM'000	RM'000	%
<b>CONTINUING OPERATIONS</b>				
<b>INVESTMENT HOLDING AND MOBILE AND DIGITAL SOLUTIONS</b>				
Revenue	133	25	108	432
Gross profit	133	10	123	1,230
Profit/(loss) from operations	(1,777)	(438)	(1,339)	306
Profit/(loss) before interest and tax	(1,777)	(438)	(1,339)	306
Profit/(loss) before tax	(1,765)	(544)	(1,221)	224
Profit/(loss) after tax	(1,765)	(554)	(1,211)	219
Profit/(loss) after tax attributable to				
Ordinary equity holder of the parent company	(1,822)	(601)	(1,221)	203
Non-controlling interests	57	-	57	n.a.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART B :-**

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

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

A summary of the financial performance of the Group is as tabulated below (cont'd) :-

	Current	Immediate	Changes	
	Quarter	Preceding		
	Ended	Quarter		
	30.9.2020	Ended		
	RM'000	30.6.2020	RM'000	%
<b>DISCONTINUED OPERATIONS</b>				
<b>PRODUCTION AND SALE OF FABRICS</b>				
Revenue	17,253	14,386	2,867	19.93
Gross profit	1,774	1,200	574	47.83
Profit/(loss) from operations	1,997	(6,112)	8,109	132.67
Profit/(loss) before interest and tax	2,179	(5,398)	7,577	140.37
Profit/(loss) before tax	2,179	(5,398)	7,577	140.37
Profit/(loss) after tax	1,875	(4,516)	6,391	141.52
Profit/(loss) after tax attributable to				
Ordinary equity holder of the parent company	1,472	(4,516)	5,988	132.60
Non-controlling interests	403	-	403	n.a.

*The fabric production segment does not have any borrowing from financial institutions*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART B:-**

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

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

**(i) REVENUE**

**a) Investment Holding and Mobile and Digital Solutions Businesses (Continuing Operations)**

The revenue generated by continuing operations of the Group is derived from the mobile and digital solutions businesses which replace the project management and infrastructure construction businesses of which the disposal was completed on 1 September 2020.

The revenue generated from these new business operations is expected to rise and will be the main revenue driver for the Group, moving forward.

**b) Fabric Production Segment (Discontinued Operations)**

The revenue from this segment increased by RM2.86 million compared to the immediate reporting quarter, which indicates a gradual recovery from the slow market after the outbreak of the highly contagious COVID-19 pandemic. The overall recovery pace after resumption of production remains lackluster and has exaggerated the effect of drop in demand on the back of the prolonged unresolved trade war tension between the United States of America and China.

**(ii) RESULTS FROM OPERATIONS**

**a) Continuing operations**

The results from operations from the continuing operations in the current quarter is at a loss position due mainly to operational expenses of the holding company that have offset the revenue contribution by the mobile and digital solutions businesses.

**b) Discontinued operations**

The gross profit of fabric production segment increased in tandem with the gradual recovery in sales revenue contributed solely from sales in the domestic market.

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

**(iii) PROFIT/(LOSS) BEFORE INTEREST AND TAX AND PROFIT/(LOSS) BEFORE TAX**

**a) Continuing operations**

The results before interest and tax and before tax are substantially at the similar level to the profit from operations as this segment did not incur any interest and tax expenses in the current quarter under review.

**b) Discontinued operations**

The fabric production segment recorded profit before interest and tax in addition to its share of profit in joint venture and interest income.

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

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

**B3. PROSPECTS**

**i) CONTINUING OPERATIONS**

**MOBILE AND DIGITAL SOLUTIONS BUSINESSES**

The Group, through its newly-acquired 51% subsidiary, TAS, has an excellent opportunity to venture into mobile and digital solutions industry which is currently in the growth cycle. The mobile and digital solutions business activities are engaged through Dapat Vista (M) Sdn. Bhd. ("DVSB"), a joint venture company of TAS with 56% equity interest. Upon completion of the DVSB's shares acquisition transaction between TAS and HeiTech Padu Berhad pursuant to the sale and purchase agreement dated 10 December 2019, TAS' equity interest in DVSB will increase to 80% which will allow the Group to consolidate the future earnings of DVSB.

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 controlled movement order 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 controlled movement order regulations, which in turn augurs well with the mobile and digital solutions business of the Group through DVSB.

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

**B3. PROSPECTS (CONT'D)**

**i) CONTINUING OPERATIONS(CONT'D)**

**MOBILE AND DIGITAL SOLUTIONS BUSINESSES (CONT'D)**

DVSB launched an application named "MyPay" which aims to offer a one-stop platform for all queries and payment-related transactions with Government agencies in Malaysia. DVSB has rolled out MyPay 2.0 services for 50+ Government agencies including the Polis Diraja Malaysia (PDRM), National Higher Education Fund Corporation (PTPTN), Majlis Bandaraya Subang Jaya (MBSJ), Majlis Bandaraya Petaling Jaya (MBPJ) and Election Commission of Malaysia (SPR).

In February 2020, DVSB launched Malaysia's first digital bail payment solution, namely "e-Jamin". To date, the e-Jamin digital platform is available in 121 locations of courts in Malaysia. On 3 July 2020, DVSB launched MyPay's digital payments, digital financing and e-wallet features, a collaboration between DVSB, PTPTN, Bank Islam Malaysia Berhad (BIMB) and Fass Payment Solutions Sdn Bhd.

Currently, TAS and DVSB principally operate in Malaysia where DVSB has developed mobile messaging and mobile payment applications for government electronic services. Since 2008, DVSB has a track record of 12 years disseminating mobile data between Government agencies and businesses as well as individual users. DVSB intends to leverage on this experience to expand to neighbouring countries in the Southeast Asia region through the development of its own Application Programming Interface ("API") marketplace. In this API marketplace, providers from nations in Southeast Asia can list their APIs for acquisition by other developers in the region. DVSB targets to expand its API marketplace to Southeast Asia by 2023.

With various plans in the pipeline, outlook of the mobile and digital solutions businesses of the Group is bright. The prospect of DVSB, and hence prospect of the Group's new business operation in the mobile and digital solutions segment is expected to augur well with positive earnings accretive potentials.

**ii) DISCONTINUED OPERATIONS**

**FABRIC PRODUCTION SEGMENT**

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

In addition, the eruption and aftermath of COVID-19 pandemic has casted a darker shadow over the existing economic uncertainties in the global business environment, the effect of which is yet to be quantified, at this juncture.

On 21 August 2020, the shareholders of the Company had approved the Proposed Disposal entailing disposal of the Company's fabric production business in China.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART B:-**

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

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

The Group has not provided any profit forecast or profit guarantee during the quarter ended 30 September 2020.

**B5. TAXATION**

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	Current	Preceding
	Quarter Ended	Financial Year	Quarter To-	Financial
	30/9/2020	Corresponding	Date Ended	Year
	30/9/2020	Quarter	30/9/2020	30/9/2019
	RM'000	30/9/2019	RM'000	RM'000
		RM'000	RM'000	RM'000
Tax on profit	304	359	304	359
In respect of:-				
<b>Continuing operations</b>				
Television Airtime Services Sdn. Bhd.	-	-	-	-
<b>Discontinued operations</b>				
Top Textile (Suzhou) Co., Ltd.	304	356	304	356
Gorgeous Goldhill Sdn. Bhd.	-	3	-	3

Domestic corporate income tax is calculated at the Malaysian statutory tax rate of 24% (2020-24%) of the estimated assessable profit for the financial year.

The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

**B6. CORPORATE PROPOSALS**

**i) PROPOSED DISPOSAL**

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

On 2 May 2019, the Company announced that it had on the even date, entered into a conditional share sale agreement ("**SSA**") with Gifted Investments Limited ("**GIL**") in respect of the proposed disposal of the entire equity interest in Be Top Group Limited ("**Be Top**") to GIL for a total cash consideration of RM70 million including assumption of liabilities by GIL. On 18 June 2020, the Company and GIL entered into a supplemental SSA to vary and amend certain arrangement, terms and conditions of the SSA.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

**PART B:-**

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

**B6. CORPORATE PROPOSALS (CONT'D)**

**i) PROPOSED DISPOSAL (CONT'D)**

On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL. 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**"). After Tranche 1 Completion, the Company still owns 78.5% of equity interest in Be Top and retains control over Be Top.

On 19 November 2020, the Company and GIL have mutually agreed to extend the Tranche 2 Completion Date, i.e. 20 November 2020. The Second Cash Payment is now due and payable on or before 19 March 2021.

**ii) DISPOSAL OF THE ENTIRE EQUITY INTEREST IN GGSB**

On 28 August 2020, the Company announced that it had on even date entered into a share sale agreement with DJ for the disposal by the Company to Dato' Soo of the entire equity interest held in GGSB for a cash consideration of RM130,000 ("**Disposal of GGSB**"). The Disposal of GGSB was completed on 1 September 2020.

**iii) CAPITAL REDUCTION**

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 report, the Company is still awaiting the written confirmation of CCM on the effective date of the capital reduction.

**B7. BORROWINGS**

As at 30 September 2020, the Group's borrowing, denominated in Malaysian Ringgit, is as follows:-

	<b>Current Financial Year (First Quarter) Ended 30/9/2020 RM'000 Unaudited</b>	<b>Preceding Financial Year Ended 30/6/2020 RM'000 Audited</b>
<b>Current Liability</b>		
Revolving credit-i	7,750	7,750

A fixed deposit of RM8 million has been pledged to secure the bank borrowing.

**B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B9. CHANGES IN MATERIAL LITIGATION**

The Group does not have any material litigation.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

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

**B10. PROPOSED DIVIDEND**

The Board does not recommend the payment of any dividend for the quarter ended 30 September 2020.

**B11. EARNINGS /(LOSS) PER SHARE**

	<b>Current Financial Year (<i>First Quarter</i>) Ended 30/9/2020 RM'000 Unaudited</b>	<b>Preceding Financial Year Ended 30/6/2020 RM'000 Audited</b>
<b>a) Basic loss per share</b>		
<b>(i) Continuing operations</b>		
Net loss attributable to equity holders of the Company	(2,225)	(898)
Weighted average number of ordinary shares ('000)	408,771	399,009
Basic loss per share (sen)	(0.54)	(0.23)
<b>(ii) Discontinued operations</b>		
Net profit attributable to equity holders of the Company	1,472	2,924
Weighted average number of ordinary shares ('000)	408,771	399,009
Basic earnings per share (sen)	0.36	0.73

**b) Diluted earnings per share**

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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

B12. UTILISATION OF PROCEEDS

The table below summarises the utilisation of proceeds raised from the disposal of the entire equity interest in Be Top, of which the First Cash Payment was received from GIL on 21 September 2020.

Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation		Explanation (if the deviation is 5% or more)
	RM'000	RM'000		Amount	%	
i) TAS shares acquisition	2,000	2,000	Within 1 month	n.a.	n.a.	n.a.
ii) Future investment in the existing businesses of the Group	20,000	Nil	Within 24 months	n.a.	n.a.	n.a.
iii) Working capital of the Group	10,516	82	Within 24 months	n.a.	n.a.	n.a.
iv) Estimated expenses in relation to the proposals and waiver application	1,000	220	Within 9 months	n.a.	n.a.	n.a.