

PERTAMA DIGITAL BERHAD
(FORMERLY KNOWN AS SINOTOP HOLDINGS BERHAD)
198401002327 (114842-H)
(Incorporated In Malaysia)

**QUARTERLY UNAUDITED FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

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PERTAMA DIGITAL BERHAD
(FORMERLY KNOWN AS SINOTOP HOLDINGS BERHAD)
CO. NO. 198401002327 (114842-H)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

	3 MONTHS		CUMULATIVE 6 MONTHS	
	CURRENT YEAR QUARTER ENDED 31/12/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 31/12/2019 RM'000 Audited	CURRENT FINANCIAL YEAR-TO-DATE ENDED 31/12/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR YEAR-TO-DATE ENDED 31/12/2019 RM'000 Audited
CONTINUING OPERATIONS				
Revenue	144	9	277	27
Cost of sales	-	-	-	-
Gross profit	144	9	277	27
Other operating income	55	-	69	-
Administrative expenses	(49)	(101)	(1,855)	(176)
Other operating expenses	(312)	(1)	(430)	(64)
	(162)	(93)	(1,939)	(213)
Finance cost	(224)	-	(224)	-
	(386)	(93)	(2,163)	(213)
Share of results of joint ventures	299	-	311	-
Loss before taxation	(87)	(93)	(1,852)	(213)
Taxation	-	-	-	-
Loss after taxation from continuing operations	(87)	(93)	(1,852)	(213)
DISCONTINUED OPERATIONS				
Profit after taxation from discontinued operations	2,222	2,698	4,097	4,654
Profit after taxation	2,135	2,605	2,245	4,441
Other comprehensive income/(expense), net of tax				
Foreign currency translation differences	1,136	(6,725)	2,973	(5,728)
Total comprehensive income/(expense) for the period	3,271	(4,120)	5,218	(1,287)
Profit attributable to:				
Equity holders of the parent	1,526	2,605	1,176	4,441
Non-controlling interests	609	-	1,069	-
	2,135	2,605	2,245	4,441
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	2,418	(4,120)	3,510	(1,287)
Non-controlling interests	853	-	1,708	-
	3,271	(4,120)	5,218	(1,287)
Earnings/(loss) per share (sen) :				
- Basic				
Continuing operations	(0.04)	(0.02)	(0.49)	(0.05)
Discontinued operations	0.41	0.69	0.77	1.18
- Diluted				
Continuing operations	(0.04)	(0.02)	(0.49)	(0.05)
Discontinued operations	0.41	0.69	0.77	1.18

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 SECOND QUARTER ENDED 31 DECEMBER 2020
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2020 RM'000 UNAUDITED	AS AT 30/6/2020 RM'000 AUDITED
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	187	187
Investments in joint ventures	13,922	13,611
Goodwill	14,827	14,827
	28,936	28,625
CURRENT ASSETS		
Trade receivables	277	15,666
Contract assets	-	3,565
Other receivables, deposits and prepayments	1,004	1,527
Fixed deposits with licensed banks	10,348	-
Cash and bank balances	391	187
	12,020	20,945
Non-current assets classified as held for sale	127,945	123,531
TOTAL ASSETS	168,901	173,101
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,816	134,816
Statutory reserves	16,273	15,933
Retained earnings /(Accumulated losses)	21,977	(66,581)
	87,066	84,168
Reserves of a disposal group held for sale	42,754	40,420
Equity attributable to owners of the Company	129,820	124,588
Non-controlling interests	20,136	3,428
TOTAL EQUITY	149,956	128,016
CURRENT LIABILITIES		
Trade payables	-	18,723
Other payables and accruals	3,140	6,853
Bank borrowing	7,750	7,750
	10,890	33,326
Liabilities directly associated with assets classified as held for sale	8,055	11,759
TOTAL LIABILITIES	18,945	45,085
TOTAL EQUITY AND LIABILITIES	168,901	173,101
Net assets per share (RM)	0.30	0.29

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 SECOND QUARTER ENDED 31 DECEMBER 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	-	-	-	1,176	1,176	1,069	2,245
Other comprehensive income for the financial period							
- Foreign currency translation differences	-	-	2,334	-	2,334	639	2,973
Total comprehensive income for the financial period	-	-	2,334	1,176	3,510	1,708	5,218
Capital reduction	(86,000)	-	-	86,000	-	-	-
Disposal of equity interest in subsidiaries	-	-	-	1,722	1,722	15,000	16,722
Transfer to statutory reserves	-	340	-	(340)	-	-	-
Balance at 31 December 2020 (unaudited)	48,816	16,273	42,754	21,977	129,820	20,136	149,956

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

PERTAMA DIGITAL BERHAD
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CO. NO. 198401002327 (114842-H)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT QUARTER ENDED 31/12/2020 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 30/6/2020 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit/(loss) before taxation		
- Continuing operations	(1,852)	(825)
- Discontinuing operations	4,710	(765)
Adjustments for :-		
Allowance for impairment losses on trade receivables	703	2,165
Interest expense	224	3
Interest income	(45)	(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	(1,497)	(1,831)
Net unrealised loss on foreign exchange	713	394
Property, plant and equipment written off	-	144
Share of results of joint ventures	(1,504)	(2,064)
Waiver of debts	-	(236)
Writeback of allowance for impairment losses on trade receivables	(289)	-
Operating profit/(loss) before working capital changes	2,075	(309)
Changes in inventories	2,737	1,207
Changes in receivables	740	17,022
Changes in payables	(14,381)	2,557
Cash from operations	(8,829)	20,477
Tax paid	(111)	(2,274)
Net cash generated from operating activities	(8,940)	18,203
INVESTING ACTIVITIES		
Acquisition of a joint venture	-	(11,575)
Acquisition of a subsidiary	-	(911)
Acquisition of property, plant and equipment	-	(601)
Acquisition of short-term investments	(10,146)	(19,086)
Proceeds received from disposal of subsidiaries	12,121	-
Interest received	45	171
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months	719	(5)
Proceeds from disposal of short-term investments	-	2,370
Net cash for investing activities	2,739	(29,637)
FINANCING ACTIVITY		
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	(6,201)	(3,687)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	13,616	16,756
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	3,324	547
CASH AND CASH EQUIVALENTS CARRIED FORWARD	10,739	13,616

Note : () Denotes cash outflow

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 SECOND QUARTER ENDED 31 DECEMBER 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 SECOND QUARTER ENDED 31 DECEMBER 2020

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

A5. UNUSUAL ITEMS

a) DISPOSAL OF SUBSIDIARIES

During the first quarter ended 30 September 2020, 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.

b) CAPITAL REDUCTION

During the current quarter under review, the Company completed its capital reduction after receiving a Notice of Confirming Reduction of Share Capital issued by the Companies Commission of Malaysia dated 15 December 2020, confirming its compliance with the requirements of the Capital Reduction pursuant to Section 119(4) of the Companies Act 2016.

Pursuant thereto, the Share Capital Reduction took effect and had completed on 15 December 2020.

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 31 December 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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, Project Management and Infrastructure Construction		Adjustments and Elimination		Per Consolidated Financial Statements	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	277	27	33,830	71,598	(33,830)	(71,598)	277	27
Results								
Segment profit/(loss) after tax	(1,852)	(213)	4,097	5,305	(4,097)	(5,305)	(1,852)	(213)
Segmental profit/(loss) include the following :-								
Depreciation	11	-	-	756	-	(756)	11	-
Interest income on :								
Financial assets measured at amortised costs	(1)	(27)	(44)	(60)	44	60	(1)	(27)
Financial assets at fair value through profit or loss loss mandatorily	-	-	(1,497)	(1,336)	1,497	1,336	-	-
Allowance for impairment loss on trade receivables	-	-	-	159	-	(159)	-	-
Rental income from investment property	-	-	-	(196)	-	196	-	-
Share of results of joint ventures	(311)	-	(1,193)	(950)	1,193	950	(311)	-
Unrealised loss/(gain) on foreign exchange	713	-	-	-	-	-	713	-
Writeback of allowance for impairment loss on trade receivables	-	-	-	(302)	-	302	-	-
Loss on disposal of equity interest in subsidiaries	862	-	50	-	(50)	-	862	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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, Project Management and Infrastructure Construction		Group
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	
Assets					
Segment assets	40,956	1,565	127,945	141,795	168,901
Consolidated total assets					168,901
					143,360
Liabilities					
Segment liabilities	10,890	5,713	7,553	28,146	18,443
Current tax liabilities	-	-	502	75	502
					18,945
					33,934

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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)
	<hr/>
Net assets	982
	<hr/>

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
	<hr/>
Net loss on disposal	862
Disposal proceeds received	(130)
Less : cash and bank balances disposed	9
	<hr/>
Cash flow from disposal	(121)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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	2020
	RM'000	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 31/12/2020	As at Preceding Year Corresponding Quarter Ended 31/12/2019
Condensed consolidated statement of comprehensive income		
Based on average rate for the quarter / financial period RMB1.00 to RM	0.6132	0.5919
Condensed consolidated statement of financial position		
Based on closing rate for the quarter / financial period RMB1.00 to RM	0.6176	0.5866

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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 SECOND QUARTER ENDED 31 DECEMBER 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:-

	31.12.2020	30.6.2020
Assets		
NON-CURRENT ASSETS		
Property, plant and equipment	49,600	51,309
Investment property	4,119	4,039
Land use rights	6,285	6,164
Investment in a joint venture	10,065	9,297
Deferred tax asset	-	1,633
	<u>70,069</u>	<u>72,442</u>
Loss on re-measurement of assets classified as held for sale	(70,395)	(70,395)
	<u>(326)</u>	<u>2,047</u>
CURRENT ASSETS		
Inventories	7,361	8,059
Trade receivables	13,383	15,799
Other receivables and deposits	5,391	3,323
Current tax assets	-	4,084
Short-term investments	85,846	75,700
Fixed deposits with licensed banks	371	1,090
Cash and bank balances	15,593	13,429
	<u>127,945</u>	<u>121,484</u>
Total	<u>127,619</u>	<u>123,531</u>
RESERVES CLASSIFIED AS HELD FOR SALE		
Foreign exchange translation reserves	43,393	40,420
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Trade payables	564	1,263
Other payables and accruals	7,491	10,496
Liabilities classified as held for sale	<u>8,055</u>	<u>11,759</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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

The year-to-date revenue in the current quarter under review was solely contributed by the mobile and digital solutions businesses, compared to the year-to-date revenue in the preceding financial year, which had included revenue from the former subsidiary, Gorgeous Goldhill Sdn. Bhd., disposed in the current financial year as disclosed in Note A12. The disposal was completed on 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 RM14.75 million in the current financial period to-date (FY2021: RM16.58 million vs FY2020: RM31.33 million), resulted from drop in demand following the outbreak of the coronavirus disease 2019 ("COVID-19") pandemic.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 31.12.2020	Immediate Preceding Quarter Ended 30.9.2020	Changes	
	RM'000	RM'000	RM'000	%
CONTINUING OPERATIONS				
INVESTMENT HOLDING AND MOBILE AND DIGITAL SOLUTIONS				
Revenue	144	133	11	8.27
Gross profit	144	133	11	8.27
Loss from operations	(162)	(1,777)	1,615	90.88
Loss before interest and tax	(162)	(1,777)	1,615	90.88
Loss before tax	(87)	(1,765)	1,678	95.07
Loss after tax	(87)	(1,765)	1,678	95.07
Profit/(loss) after tax attributable to				
Ordinary equity holder of the parent company	(218)	(1,822)	1,604	88.04
Non-controlling interests	131	57	74	(129.82)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 Quarter Ended 31.12.2020	Immediate Preceding Quarter Ended 30.9.2020	Changes	
	RM'000	RM'000	RM'000	%
DISCONTINUED OPERATIONS				
PRODUCTION AND SALE OF FABRICS				
Revenue	16,577	17,253	(676)	(3.92)
Gross profit	1,788	1,774	14	0.79
Profit/(loss) from operations	3,757	1,997	1,760	88.13
Profit/(loss) before interest and tax	2,531	2,179	352	16.15
Profit/(loss) before tax	2,531	2,179	352	16.15
Profit/(loss) after tax	2,222	1,875	347	18.51
Profit/(loss) after tax attributable to				
Ordinary equity holder of the parent company	1,744	1,472	272	18.48
Non-controlling interests	478	403	75	18.61

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 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 (current reporting quarter vs immediate preceding quarter) remains at a similar level as all operating conditions in the first and second quarters of the current financial year are similar.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

**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 for the current reporting quarter improved compared to the immediate preceding quarter for the reason that there was a loss on disposal of a subsidiary being accounted for in the previous quarter. The results before tax also improved by higher share of results in a jointly-controlled entity that the Group has equity interest in.

b) Discontinued operations

The fabric production segment recorded better profit before interest and tax due to contribution from its share of profit in a 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's mobile and digital solutions business activities are engaged through DAPAT Vista (M) Sdn. Bhd. ("DVSB"). DVSB is a joint venture company of TAS with 56% equity interest.

The COVID-19 pandemic has triggered the great digitalisation acceleration globally. As announced by the Government of Malaysia ("Government") recently, it has embraced the information technology ("IT") sector as a key driver for socio-economic growth through the Malaysia Digital Economy Blueprint (MyDIGITAL) launched on 19 February 2021.

A significant portion of MyDIGITAL is in sync with the Group's business plans. With the support of the public agencies, the Group intends to loop all government digital initiatives into its plan moving forward and take position as a strong advocate to implement the action plans as entailed in the MyDigital blueprint.

The Group will be relevant to national objectives by proposing innovative yet risk-managed solutions to the market, coupled with strong executive capabilities. There are people with limited digital skills who will face challenges plugging into the new digital economy, and the Group's main objective has always been to identify and help this segment of the community.

The Company, via DVSB, currently operates the Malaysian government SMS gateway called mySMS 15888. It owns and operates MyPay – a mobile application for secure, easy and fast check-and-pay transactions with government agencies. It also owns and operates eJamin – a digital bail payment solution used in criminal courts throughout Malaysia. To date, the eJamin digital platform has been implemented in 138 locations of courts (increased by 17 locations from 121 locations as disclosed in the first quarter announcements of the current financial year) in Malaysia and the number is still growing. The digital bail payment solution is showing rapid growth as courts encourage the digital shift amid the ongoing COVID-19 pandemic. The Group is also looking into expanding the digital bail system for police remands and the Syariah criminal courts.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

**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)

With various plans in the pipeline which will be announced at the appropriate times, the 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 SECOND QUARTER ENDED 31 DECEMBER 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 31 December 2020.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	Current	Preceding
	Quarter Ended	Financial Year	Quarter To-	Financial
	31/12/2020	Corresponding	Date Ended	Year
	30/9/2019	31/12/2020	30/9/2019	
	RM'000	RM'000	RM'000	RM'000
Tax on profit	309	300	613	659
In respect of:-				
Continuing operations				
Television Airtime Services Sdn. Bhd.	-	-	-	-
Discontinued operations				
Top Textile (Suzhou) Co., Ltd.	309	295	613	651
Gorgeous Goldhill Sdn. Bhd.	-	5	-	8

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 SECOND QUARTER ENDED 31 DECEMBER 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.

The Company completed its capital reduction after receiving a Notice of Confirming Reduction of Share Capital (dated 15 December 2020) issued by CCM, confirming its compliance with the requirements of the Capital Reduction pursuant to Section 119(4) of the Companies Act 2016.

Pursuant thereto, the Share Capital Reduction took effect and had completed on 15 December 2020.

B7. BORROWINGS

As at 31 December 2020, the Group's borrowing, denominated in Malaysian Ringgit, is as follows:-

	Current Financial Year (<i>Second Quarter</i>) Ended 31/12/2020 RM'000 Unaudited	Preceding Financial Year Ended 30/6/2020 RM'000 Audited
Current Liability		
Revolving credit-i	7,750	7,750

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

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 litigation.

B10. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the quarter ended 31 December 2020.

B11. EARNINGS /(LOSS) PER SHARE

	Current Financial Year (<i>Second Quarter</i>) Ended 31/12/2020 RM'000 Unaudited	Preceding Financial Year Ended 30/6/2020 RM'000 Audited
a) Basic loss per share		
(i) Continuing operations		
Net loss attributable to equity holders of the Company	(2,040)	(898)
Weighted average number of ordinary shares ('000)	418,439	399,009
Basic loss per share (sen)	(0.49)	(0.23)
(ii) Discontinued operations		
Net profit attributable to equity holders of the Company	3,216	2,924
Weighted average number of ordinary shares ('000)	418,439	399,009
Basic earnings per share (sen)	0.77	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 SECOND QUARTER ENDED 31 DECEMBER 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 Amount	Deviation %	Explanation (if the deviation is 5% or more)
	RM'000	RM'000		RM'000		
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	477	Within 24 months	n.a.	n.a.	n.a.
iv) Estimated expenses in relation to the proposals and waiver application	1,000	330	Within 9 months	n.a.	n.a.	n.a.