



SINOTOP HOLDINGS BERHAD

198401002327 (114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

	3 MONTHS		CUMULATIVE 12 MONTHS	
	CURRENT YEAR QUARTER ENDED 30/6/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 30/6/2019 RM'000 Audited	CURRENT FINANCIAL YEAR-TO-DATE ENDED 30/6/2020 RM'000 Unaudited	PRECEDING FINANCIAL YEAR-TO-DATE ENDED 30/6/2019 RM'000 Audited
CONTINUING OPERATIONS				
Revenue	25	9,052	8,651	16,236
Cost of sales	(15)	(8,664)	(8,317)	(15,664)
Gross profit	10	388	334	572
Other operating income	259	-	259	80
Administrative expenses	(451)	(787)	(950)	(1,649)
Finance cost	(3)	-	(3)	-
Other operating expenses	(250)	-	(356)	(14)
	(435)	(399)	(716)	(1,011)
Share of results of a jointly controlled entity	(109)	-	(109)	-
Profit/(Loss) before taxation	(544)	(399)	(825)	(1,011)
Taxation	(10)	(72)	(26)	(86)
Profit/(Loss) after taxation from continuing operations	(554)	(471)	(851)	(1,097)
DISCONTINUED OPERATIONS				
(Loss)/Profit after taxation from discontinued operations	(3,613)	(74,346)	2,924	(72,770)
Profit/(Loss) after taxation	(4,167)	(74,817)	2,073	(73,867)
Other comprehensive expense, net of tax				
Foreign currency translation differences	(1,575)	3,274	82	(2,250)
Total comprehensive (expense)/ income for the period	(5,742)	(71,543)	2,155	(76,117)
Profit/(loss) attributable to:				
Equity holders of the parent	(4,214)	(74,817)	2,026	(73,867)
Minority interest	47	-	47	-
	(4,167)	(74,817)	2,073	(73,867)
Total comprehensive (expense)/ income attributable to:				
Equity holders of the parent	(5,789)	(71,543)	2,108	(76,117)
Non-controlling interest	47	-	47	-
	(5,742)	(71,543)	2,155	(76,117)
Earnings/(loss) per share (sen) :				
- Basic				
Continuing operations	(0.14)	(0.12)	(0.21)	(0.28)
Discontinued operations	(0.91)	(18.83)	0.73	(18.43)
- Diluted				
Continuing operations	(0.14)	(0.12)	(0.21)	(0.28)
Discontinued operations	(0.91)	(18.83)	0.73	(18.43)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/6/2020 RM'000 UNAUDITED	AS AT 30/6/2019 RM'000 AUDITED
ASSETS		
Non-current assets		
Investment in a jointly controlled entity	9,611	
Property, plant and equipment	600	-
Other investment-club membership	37	-
Provisional goodwill	14,827	-
	25,075	-
Current Assets		
Trade and other receivables	21,155	3,530
Contract assets	3,565	16,162
Fixed deposits with licensed banks	-	2,100
Cash and bank balances	187	25
Tax recoverable	1	-
	24,908	21,817
Non-current assets classified as held for sale	123,118	119,312
Total assets	173,101	141,129
EQUITY AND LIABILITIES		
Share capital	134,816	118,470
Statutory reserve	15,933	15,697
Accumulated losses	(66,581)	(68,371)
	84,168	65,796
Reserves of a disposal group held for sale	40,420	40,338
Total equity	124,588	106,134
Non-controlling interest	3,440	-
	128,028	106,134
Current Liabilities		
Trade and other payables	26,031	24,503
Income tax payable	-	72
Bank borrowing	7,750	-
	33,781	24,575
Liabilities directly associated with assets classified as held for sale	11,292	10,420
Total liabilities	45,073	34,995
Total equity and liabilities	173,101	141,129
Net assets per share (RM)	0.29	0.24

Note 1:

Included an amount of RM1 million payable to the TAS Vendor as disclosed in Note A12.

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	----- Non distributable -----			Distributable		Total Equity RM '000
	Share Capital RM '000	Statutory Reserve RM '000	Reserves of a Disposal Group Held For Sale RM '000	Attributable to Owners of the Company RM '000	Non-Controlling Interests RM '000	
Balance at 1 July 2019 (audited)	118,470	15,697	40,338	(68,371)	-	106,134
Acquisition of a subsidiary	16,346	-	-	-	3,393	19,739
Total comprehensive income for the financial year						
- Profit after tax for the financial year	-	-	-	2,026	47	2,073
Discontinued operations	-	236	82	(236)	-	82
Balance at 30 June 2020 (unaudited)	134,816	15,933	40,420	(66,581)	3,440	128,028

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		AS AT CURRENT QUARTER ENDED 30/6/2020 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 30/6/2019 RM'000 AUDITED
OPERATING ACTIVITIES			
Profit/(loss) before taxation			
- Continuing operations		(825)	(1,011)
- Discontinuing operations		1,755	(71,410)
		930	(72,421)
Adjustments for :-			
Allowance for impairment losses on inventories		2,054	-
Allowance for impairment losses on trade receivables		2,165	6,558
Amortisation of land use right	N1	-	70
Depreciation	N1	-	1,410
Inventory written off		-	429
Property, plant and equipment written off		-	2,024
Loss on re-measurement to fair value less costs to sell		-	69,572
Gain on waiver of debt		(236)	-
Share of results of a joint venture		(2,173)	(1,300)
Share of results of a jointly controlled entity		109	-
Unrealised loss/(gain) on foreign exchange		198	(819)
Write-back of allowance for impairment losses on trade receivables		-	(5)
Interest income		(1,960)	(2,724)
Changes in working capital		3,046	1,419
	- (Increase)/Decrease in inventories		
	- (Increase)/Decrease in trade receivables and other receivables	(1,070)	14,161
	- Increase in trade and other payables	795	23,511
	- Decrease/(Increase) in contract assets	12,597	(16,162)
Cash from operations		16,455	25,723
Income tax paid		(2,275)	(1,677)
Net cash generated from operating activities		14,180	24,046
INVESTING ACTIVITIES			
Placement of fixed deposits with tenure more than 3 months		(5)	178
Acquisition of a subsidiary		(911)	-
Acquisition of a jointly controlled entity		(7,575)	-
Purchase of property, plant and equipment		-	(13,560)
Purchase of short-term investments		(19,086)	(56,793)
Proceeds from disposal of short-term investments		-	36,270
Interest received		1,960	2,724
Net cash for investing activities		(25,617)	(31,181)
FINANCING ACTIVITY			
Drawdown of bank borrowing		7,750	-
Net cash for financing activity		7,750	-
Net decrease in cash and cash equivalents		(3,687)	(7,135)
Foreign exchange translation differences		547	(272)
Cash and cash equivalents at beginning of the financial year	N2	16,756	24,163
Cash and cash equivalents at end of the period/financial year	N2	13,616	16,756

Note : () Denotes cash outflow

N1 Para 25 of MFRS5 requires that there shall not be amortisation and depreciation of non-current assets while these are classified as held for sale.

N2 Cash and cash equivalents from both continuing and discontinued operations, excluding fixed deposits with a tenure of more than 3 months.

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



SINOTOP HOLDINGS BERHAD 198401002327 (114842-H)

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

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 2019. 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 FOURTH QUARTER ENDED 30 JUNE 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:-

MFRSs and IC Interpretations (Including the Consequential Amendments)	Effective Date
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 (1 January 2021)
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023 (1 January 2022)
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 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) PROJECT MANAGEMENT SERVICES AND INFRASTRUCTURE CONSTRUCTION SEGMENT

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

ii) 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 FOURTH QUARTER ENDED 30 JUNE 2020

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

A5. UNUSUAL ITEMS

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

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

On 20 May 2020, 38,461,538 new ordinary shares in the Company were issued as part consideration for the acquisition by the Company of 5,865,000 ordinary shares in Television Airtime Services Sdn. Bhd. ("TAS"), representing 51% of the equity interest in TAS, from Encik Sabri Bin Ab Rahman ("TAS Vendor") ("TAS Shares Acquisition").

A8. DIVIDEND

There were no dividends paid for the quarter ended 30 June 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 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, Project Management Services and Infrastructure Construction and Mobile and Digital Solutions Businesses^ <i>Continuing</i>		Fabric Production <i>Discontinued</i>		Adjustments and Elimination		Per Consolidated Financial Statements	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue	8,651	16,236	93,887	109,876	(93,887)	(109,876)	8,651	16,236
Results								
Segment profit/(loss) before taxation	(1,285)	(1,008)	1,755	(71,410)	465*	-	(825)	(72,418)
^ Included the financial result of mobile and digital solutions businesses from the date when TAS Shares Acquisition is completed, i.e. 22 May 2020								
* Included a consolidation adjustment on unrealized foreign currency translation gain and loss in the investment holding company								
Segmental profit/(loss) include the following:								
Interest income on:-								
- financial asset measured at amortised costs	(42)	(34)	(87)	(677)	87	677	(42)	(34)
- financial asset measured mandatorily at fair value through profit or loss	-	-	(1,831)	(2,047)	1,831	2,047	-	-
Allowance for impairment loss on trade receivables	-	-	-	5,880	-	(5,880)	-	-
Amortisation of land use rights *	-	-	166	168	(166)	(168)	-	-
Depreciation of property, plant and equipment *	-	-	1,227	3,616	(1,227)	(3,616)	-	-
Writeback of allowance for impairment losses on trade receivables	-	-	-	-	-	-	-	-
Share of results of a joint venture	-	-	(2,064)	(1,300)	(2,064)	1,300	-	-
Unrealised gain on foreign exchange	(1,348)	-	-	-	1,348	-	-	-
Unrealised loss on foreign exchange	1,546	818	-	-	(1,546)	(818)	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

A9. SEGMENTAL INFORMATION (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information (cont'd)

	Investment Holding, Project Management Services and Infrastructure Construction and Mobile and Digital Solutions Businesses		Fabric Production		Group	
	<i>Continuing</i>		<i>(Discontinued)</i>			
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Assets						
Segment assets	49,983	21,817	123,118	119,312	173,101	141,129
Consolidated total assets					173,101	141,129
Liabilities						
Segment liabilities	26,031	24,575	11,292	10,420	37,323	34,995
Bank Borrowing	7,750	-	-	-	7,750	-
Consolidated total liabilities					45,073	34,995

* Paragraph 25 of MFRS 5 requires that there shall not be any amortisation and depreciation of non-current assets while these are classified as held for sale.

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

On 21 August 2020, the Company convened an Extraordinary General Meeting (“**EGM**”) to seek its shareholders’ approval on the resolutions set out in the Notice of the EGM dated 30 July 2020 (“**Resolutions**”), as detailed below:-

- i) Proposed disposal by Sinotop of the entire equity interest in its wholly-owned subsidiary, Be Top Group Limited, for a cash consideration of RM70 million;
- ii) Proposed diversification of the existing core business of Sinotop and its subsidiaries to include mobile and digital solutions businesses (“**Proposed Diversification**”);
- iii) Proposed reduction of Sinotop’s capital pursuant to Section 117 of the Companies Act 2016 (“**Proposed Capital Reduction**”); and
- iv) Proposed change of name of Sinotop from “Sinotop Holdings Berhad” to “Pertama Digital Berhad” (“**Proposed Change of Name**”).

All Resolutions tabled for approval, carried out via a poll voting, were approved at the EGM.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

A12. CHANGES IN THE COMPOSITION OF THE GROUP

On 23 April 2020, the Company announced that it had on the even date entered into a conditional share sale agreement (“**TAS SSA**”) with TAS Vendor for TAS Shares Acquisition for a total purchase consideration of RM7.00 million to be satisfied via issuance of 38,461,538 new ordinary shares in Sinotop (“**Sinotop Shares**”) (“**Consideration Shares**”) at an issue price of RM0.13 per Consideration Share for a total shares consideration of RM5.00 million and cash consideration of RM2.00 million.

On 22 May 2020 (“**Completion Date**”), the Board of Directors of the Company (“**Board**”) had announced that the TAS Shares Acquisition was completed following the listing of the Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad. Accordingly, TAS become a 51%-owned subsidiary of Sinotop effective from the Completion Date.

On 29 May 2020, the Board announced that on the even date, TAS had made the full payment for the first and second payment tranches for 36% additional equity interest in Dapat Vista Sdn Bhd (“**DVSB**”) in relation to the DVSB’s shares acquisition transaction between TAS and HeiTech Padu Berhad pursuant to the sale and purchase agreement dated 10 December 2019 (“**TAS-HTP Transaction**”). Pursuant thereto, DVSB become a 56%-owned jointly controlled entity of TAS.

Details of net assets and net cash outflow arising from TAS Shares Acquisition are as follows:-

Book value of net assets acquired	6,901
Non-controlling interest	(3,382)
Provisional goodwill ⁽¹⁾	14,827
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Purchase consideration	18,346
Less : Fair value of Consideration Shares issued	(16,346)
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Total cash consideration of TAS Shares Acquisition	2,000
Less: Cash and cash equivalents of subsidiary acquired	(89)
Less: Amount owing to TAS Vendor ⁽²⁾	(1,000)
	<hr/>
Net cash outflow on TAS Shares Acquisition	911

Notes:-

(1) On 22 May 2020, Sinotop completed the acquisition of 51% shareholding interest in TAS and obtained control. Upon acquisition, TAS become a subsidiary of the Company. A provisional goodwill of approximately RM13.03 million was recognized on the acquisition based on the difference between the fair value of consideration and the identifiable assets and liabilities at the date of the acquisition subject to completion of the purchase price allocation exercise (“**PPA**”). In accordance with MFRS 3, the Company has measurement period of not exceeding one year from the date of acquisition to determine the final PPA.

(2) Being part cash consideration owing to TAS Vendor as at 30 June 2020

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

The Group has no capital commitment as at 30 June 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

A15. FOREIGN CURRENCY TRANSLATION

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

	As at Current Year Quarter Ended 30/6/2020	As at Preceding Year Corresponding Quarter Ended 30/6/2019
Condensed consolidated statement of comprehensive income		
Based on average rate for the quarter / financial period RMB1.00 to RM	0.5981	0.6045
Condensed consolidated statement of financial position		
Based on closing rate for the quarter / financial period RMB1.00 to RM	0.6056	0.6026

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 FOURTH QUARTER ENDED 30 JUNE 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:-

	30.6.2020	30.6.2019
Assets		
NON-CURRENT ASSETS		
Investment in joint venture	9,297	7,243
Property, plant and equipment	50,896	51,912
Land use rights	6,163	6,398
Investment property	4,039	4,019
	70,395	69,572
Loss on re-measurement of assets classified as held for sale	(70,395)	(69,572)
	-	-
CURRENT ASSETS		
Inventories	8,259	11,305
Trade receivables	15,799	31,443
Other receivables and deposits	3,323	4,234
Short-term investments	75,700	56,614
Tax recoverable	4,084	-
Fixed deposits with licensed banks	1,090	1,085
Cash and bank balances	13,429	14,631
	121,684	119,312
Deferred tax asset reclassified from non-current asset	1,434	-
Assets classified as held for sale	123,118	119,312
RESERVE		
Reserves of a disposal group held for sale	40,420	40,338
Reserve classified as held for sale	40,420	40,338
LIABILITIES		
Trade payables	1,263	2,682
Other payables and accruals	10,029	7,590
Current tax liabilities	-	148
Liabilities classified as held for sale	11,292	10,420

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 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 financial year decreased by RM7.59 million as compared to the year-to-date revenue in the preceding financial year, which is due mainly to a drastic drop in revenue from the project management services and infrastructure construction segment.

DISCONTINUED OPERATIONS

Revenue from the Group's fabric production and sale business segment decreased by RM15.99 million in the current financial year-to-date (FY2020: RM93.89 million vs FY2019: RM109.88 million), due mainly to lower revenue generated from the sale of fabric, resulted from a drastic drop in demand following the outbreak of the coronavirus disease 2019 ("**COVID-19**") pandemic.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 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 financial performance of the Group is as tabulated below:-

	Current Quarter Ended 30/6/2020 RM'000	Immediate Preceding Quarter Ended 31/3/2020 RM'000	Changes	
			RM'000	Percentage
INVESTMENT HOLDING, PROJECT MANAGEMENT SERVICES AND INFRASTRUCTURE CONSTRUCTION AND MOBILE AND DIGITAL SOLUTIONS BUSINESSES				
CONTINUING OPERATIONS				
Revenue	25	6	19	317%
Gross profit	10	6	4	67%
Profit/(loss) from operations	(438)	(36)	(402)	-1,117%
Profit/(loss) before interest and tax	(438)	(36)	(402)	-1,117%
Profit/(loss) before tax	(544)	(36)	(508)	-1,411%
Profit/(loss) after tax	(554)	(44)	(510)	-1,159%
Profit/(loss) attributable to ordinary equity holders of the parent	(601)	(44)	(557)	-1,266%

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

	Current Quarter Ended 30/6/2020 RM'000	Immediate Preceding Quarter Ended 31/3/2020 RM'000	Changes	
			RM'000	Percentage
PRODUCTION AND SALE OF FABRICS				
DISCONTINUED OPERATIONS				
Revenue	14,386	16,496	-2,110	-13%
Gross profit	1,200	1,840	-640	-35%
(Loss)/Profit from operations	(6,112)	1,528	-7,640	-500%
(Loss)/profit before interest and tax	(5,398)	2,037	-7,435	-365%
(Loss)/profit before tax	(5,398)	2,037	-7,435	-365%
(Loss)/profit after tax	(4,516)	1,677	-6,193	-369%
(Loss)/profit attributable to ordinary equity holders of the parent	(4,516)	1,677	-6,193	-369%

(i) REVENUE

a) Investment Holding, Project Management Services and Infrastructure Construction Segment and Mobile and Digital Solutions Businesses (Continuing Operations)

There was a minimal revenue contribution from this continuing operations segment being recognized from the project management services and infrastructure construction business for the current reporting quarter as the Company was at the final stage of completing its existing projects in the preceding quarter.

b) Fabric Production Segment (Discontinued Operations)

The revenue from this segment dropped by RM2.11 million compared to the immediate reporting quarter, resulted primarily from the slow market after China announced the imposition of a national lockdown in response to efforts to combat spreading 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.

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

(ii) RESULTS FROM OPERATIONS

a) Continuing operations

The loss from operations from the continuing operations in the current quarter is mainly due to no new contract secured for the project management services and infrastructure construction segment. Income from mobile and digital solutions businesses is not significant as TAS Shares Acquisition was only completed on 22 May 2020.

b) Discontinued operations

The gross profit of fabric production segment dropped by RM0.64 million in tandem with the already sluggish demand weakened further by the outbreak of the COVID-19 pandemic.

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

a) Continuing operations

The continuing operations recorded loss before tax after accounted for share of loss from jointly controlled entity.

b) Discontinued operations

The fabric production segment recorded profit before interest and tax after accounted for 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 after tax and profit 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.

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

B3. PROSPECTS

i) CONTINUING OPERATIONS

PROJECT MANAGEMENT SERVICES AND INFRASTRUCTURE CONSTRUCTION SEGMENT

As at 30 June 2020, the Group's project management services and infrastructure construction segment has completed its two remaining projects which were secured in last financial year ended 30 June 2019 and were in final construction stage (96% and 98% completion respectively). There was a minimal revenue being recognized for this segment in the current reporting quarter. The Group's project management services and infrastructure construction segment was unable to secure any new project during the current financial year ended 30 June 2020.

Further, following the resignation of Dato' Justin Soo Sze Ching ("**DJ**") as the Executive Director of the Company and Gorgeous Goldhill Sdn Bhd ("**GGSB**") (a wholly-owned subsidiary of the Company) in early June 2020, the Group is lacking of key personnel who is capable to helm the project management services and infrastructure construction business housed under GGSB. Hence, GGSB is expected to face difficulties in procuring new contracts that would help the Group to generate profits and positive cash flows. DJ had also ceased to be the substantial shareholder of Sinotop on 22 May 2020.

In view of the weak market conditions, coupled with impacts of the COVID-19 pandemic, the Board is of the view that it is in the best interest of the Company to dispose the Group's project management services and infrastructure construction business to partially recover its investment incurred in GGSB. Therefore, the Company had on 28 August 2020 entered into a share sale agreement to dispose of the entire equity interest in GGSB for cash as disclosed in Note B6(iii).

MOBILE AND DIGITAL SOLUTIONS BUSINESSES

The Group, through its newly-acquired 51% subsidiary, TAS, has an opportunity to venture into mobile and digital solutions industry which is currently is in the growth cycle. The mobile and digital solutions business activities are engaged through DVSB. Upon completion of the TAS-HTP Transaction, 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 17 Government ministries and agencies including the Polis Diraja Malaysia (PDRM), National Higher Education Fund Corporation (PTPTN), Road Transport Department Malaysia (JPJ), 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 118 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 FOURTH QUARTER ENDED 30 JUNE 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 June 2020.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	Current	Preceding
	Quarter Ended	Financial Year	Quarter To-	Financial
	30/6/2020	Corresponding	Date Ended	Year
	30/6/2019	30/6/2020	30/6/2019	
	RM'000	RM'000	RM'000	RM'000
Tax on profit	-872	316	155	1,446
In respect of:-				
Continuing operations				
Gorgeous Goldhill Sdn. Bhd.	10	72	26	86
Television Airtime Services Sdn. Bhd.	-	-	-	-
Discontinued operations				
Top Textile (Suzhou) Co., Ltd.	-882	244	129	1,360

Domestic corporate income tax is calculated at the Malaysian statutory tax rate of 24% (2019-24%) 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, PROPOSED CAPITAL REDUCTION, PROPOSED DIVERSIFICATION AND PROPOSED CHANGE OF NAME

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 entered into the Disposal SSA with GIL for the Proposed Disposal, and that the Company had also proposed to undertake the following:-

- a) Proposed Capital Reduction; and
- b) proposed consolidation of every 7 existing ordinary shares in Sinotop ("**Sinotop Share(s)**") into 2 new Sinotop Shares held on an entitlement date to be determined later after the completion of the Proposed Capital Reduction ("**Proposed Share Consolidation**").

**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, PROPOSED CAPITAL REDUCTION AND PROPOSED DIVERSIFICATION AND PROPOSED CHANGE OF NAME (CONT'D)

On 18 June 2020, the Company announced on the following:-

- a) it had entered into a supplemental share sale agreement with GIL ("**Supplemental Disposal SSA**") to vary and amend certain arrangement, terms and conditions of the Disposal SSA;
- b) Proposed Diversification; and
- c) the Board resolved not to proceed with the Proposed Share Consolidation in view of the recent upward adjustment on the trading price of ordinary shares of Sinotop upon the announcement on the TAS Shares Acquisition in April 2020.

On 7 July 2020, Sinotop announced the Proposed Change of Name.

On 21 August 2020, the Proposed Disposal, Proposed Capital Reduction, Proposed Diversification and Proposed Change of Name were approved by the Company's shareholders at the EGM held on the same day.

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

On 1 April 2019, the Company announced that it had accepted a letter of offer dated 28 March 2019 issued by Dato' Justin Soo Sze Ching ("**DJ**") for the proposed acquisition by Sinotop of the entire equity interest in ACSB from DJ for an indicative total purchase consideration of RM96.00 million ("**Proposed Acquisition**"). The Company eventually entered into a conditional share sale agreement with DJ on 23 April 2019 in relation to the Proposed Acquisition ("**Acquisition SSA**").

However, the then market condition has entailed the Parties to mutually agreed to review, re-evaluate and renegotiate the terms and conditions of the proposed implementation manner of the Proposed Acquisition. Accordingly, the Parties had on 30 September 2019 mutually agreed to terminate the Acquisition SSA.

iii) 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 DJ of the entire equity interest held in GGSB for a cash consideration of RM130,000 ("**Disposal of GGSB**"). The Company and DJ had via a letter dated 28 August 2020, mutually agreed that the completion date of the Disposal of GGSB shall be on 1 September 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

B7. BORROWINGS

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

Current Liability

	Current Financial Year (<i>Fourth Quarter</i>) Ended 30/6/2020 RM'000 Unaudited	Preceding Financial Year Ended 30/6/2019 RM'000 Audited
Current Liability		
Revolving credit-i	7,750	-

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B9. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation.

B10. PROPOSED DIVIDEND

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

B11. EARNINGS /(LOSS) PER SHARE

	Current Financial Year (<i>Fourth Quarter</i>) Ended 30/6/2020 RM'000 Unaudited	Preceding Financial Year Ended 30/6/2019 RM'000 Audited
a) Basic loss per share		
(i) Continuing operations		
Net profit/(loss) attributable to equity holders of the Company	(851)	(1,097)
Weighted average number of ordinary shares ('000)	399,103	394,899
Basic earnings/(loss) per share (sen)	(0.21)	(0.28)
(ii) Discontinued operations		
Net profit/(loss) attributable to equity holders of the Company	2,924	(72,770)
Weighted average number of ordinary shares ('000)	399,103	394,899
Basic earnings/(loss) per share (sen)	0.73	(18.43)
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.		