

PERTAMA DIGITAL BERHAD

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

ANNUAL REPORT 2020

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

PAN DING

Group Managing Director / Executive Director

PAN DONG

Executive Director

TUN DATO' SERI ZAKI BIN TUN AZMI

Independent Non-Executive Director

DATUK DR. NG BEE KEN

Independent Non-Executive Chairman

LOW YAN SEONG

Independent Non-Executive Director

WAN KAMARUL ZAMAN BIN WAN YAACOB

Independent Non-Executive Director

AUDIT COMMITTEE

CHAIRMAN

Datuk Dr. Ng Bee Ken

MEMBERS

Low Yan Seong

Wan Kamarul Zaman Bin Wan Yaacob

REMUNERATION COMMITTEE

CHAIRMAN

Wan Kamarul Zaman Bin Wan Yaacob

MEMBERS

Datuk Dr. Ng Bee Ken

Low Yan Seong

NOMINATING COMMITTEE

CHAIRMAN

Low Yan Seong

MEMBER

Datuk Dr. Ng Bee Ken

PRINCIPAL BANKERS

STOCK EXCHANGE LISTING

WEBSITE

COMPANY SECRETARIES

Kang Shew Meng (MAICSA 0778565)

Seow Fei San (MAICSA 7009732)

AUDITORS

Mazars PLT

Chartered Accountants

Wisma Golden Eagle Realty, 11th Floor, South Block

No. 142-A, Jalan Ampang

50450 Kuala Lumpur

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya Tel : 603 7784 3922

Selangor Darul Ehsan Fax : 603 7784 1988

REGISTERED OFFICE

802, 8th Floor, Block C

Kelana Square

17 Jalan SS7/26

47301 Petaling Jaya Tel : 603 7803 1126

Selangor Darul Ehsan Fax : 603 7806 1387

AmFunds Management Berhad

Malayan Banking Berhad

Main Market of Bursa Malaysia Securities Berhad

www.sinotop.com.my

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CORPORATE STRUCTURE AS AT 30 JUNE 2020

SUBSIDIARIES

EQUITY INTEREST

CONTINUING OPERATIONS

➤ Gorgeous Goldhill Sdn. Bhd. (Note 1)	100%
➤ Television Airtime Services Sdn. Bhd.	51%

DISCONTINUED OPERATIONS

➤ Be Top Group Limited (" Be Top ") (Note 2)	100%
Subsidiary of Be Top Group Limited	
➤ Top Textile (Suzhou) Co., Ltd.	100%

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

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

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

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PROFILE OF THE BOARD OF DIRECTORS

DATUK DR. NG BEE KEN 拿督黄美锦博士

Independent Non-Executive Chairman
 Male, 65 years old
 Malaysian

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

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

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

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

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

PAN DING 潘鼎

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

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

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

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

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*(Incorporated in Malaysia)***TUN DATO' SERI ZAKI BIN TUN AZMI**

Independent Non-Executive Director

Male, 74 years old

Malaysian

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

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

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

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

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

PAN DONG 潘東

Executive Director

Male, 50 years old

Citizen of the People's Republic of China ("**China**")

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

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

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*(Incorporated in Malaysia)***LOW YAN SEONG 刘延祥**

Independent Non-Executive Director

Male, 48 years old

Malaysian

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

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

WAN KAMARUL ZAMAN BIN WAN YAACOB

Independent Non-Executive Director

Male, 65 years old

Malaysian

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

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

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

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

Notes:

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

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PROFILE OF KEY SENIOR MANAGEMENT

PAN DING 潘鼎

Group Managing Director / Executive Director

Male, 55 years old

Citizen of The People's Republic of China

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

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

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

PAN DONG 潘東

Executive Director

Male, 50 years old

Citizen of The People's Republic of China

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

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

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

Notes:

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

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CHAIRMAN'S STATEMENT

Dear valued shareholders,

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

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

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

REVIEW OF BUSINESS OPERATIONS

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

CORPORATE GOVERNANCE

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

BOARD OVERSIGHT

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

OTHER CORPORATE GOVERNANCE BEST PRACTICES

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

WORDS OF APPRECIATION

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

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

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

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MANAGING DIRECTOR'S STATEMENT 董事经理献词



Dear esteemed shareholders

尊敬的股东大家好

I am pleased to present the Managing Director's Statement to shareholders of the Company about the past financial year and future outlook of the Group. This time around, the Company has adopted its new name, Pertama Digital Berhad to signify a new milestone in its history.

我很荣幸为易名为 Pertama Digital Berhad 的前顶峰控股集团有限公司(“公司”)的股东们新的一个里程碑发表董事经理献词, 向各位股东汇报公司在过去一年的概况以及公司和集团未来展望。

OVERALL CORPORATE DEVELOPMENT

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

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

DAPAT also owns and operates the eJamin and MyPay apps:

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

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

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

TRADE WAR BETWEEN THE UNITED STATES (“USA”) AND CHINA

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

中美贸易战

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

EFFECT OF THE COVID-19 OUTBREAK

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

新冠肺炎爆发的影响

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

UPDATES ON CORPORATE EXERCISES BY PERTAMA DIGITAL GROUP

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

集团企业活动进展更新

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

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

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

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

由于托普的面料生产业务收益一直处于下降趋势，加上行业里剧烈的竞争，因此董事局建议脱售 Be Top 集团有限公司（“**脱售项目**”）；该脱售项目能实现顶峰集团之前在 Be Top 所投入的资金。随后，公司的股东们在 2020 年 8 月 21 号举行的特别股东大会上批准了脱售项目。同时也批准削资、业务拓展和易名的提议；随着收购 TAS 51% 股份已经在本年度 5 月 22 号完成，通过 TAS 的联营投资公司，Pertama Digital 的新增主营业务是移动和电子商务。脱售项目的第一笔资金已经在 9 月 21 号缴付，目前集团尚持有 Pertama Digital 78.5% 股份。

On 15 October 2020, the Company has lodged with the Companies Commission of Malaysia (“**CCM**”) the relevant documents pursuant to Section 119 of the Companies Act 2016, to confirm its compliance with the requirements for the Capital Reduction of the Company. As at the issuance date of this annual report, the Company is still awaiting the written confirmation of CCM on the effective date of the Capital Reduction.

目前，公司的削资计划尚在等待公司注册委员会通知其正式生效日期。

OUTLOOK

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

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

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

展望

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

Pan Ding 潘鼎
 Group Managing Director 集团董事经理

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MANAGEMENT DISCUSSION AND ANALYSIS

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

BACKGROUND

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

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

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

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

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

PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

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

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

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SUBSIDIARY ACQUIRED DURING THE FINANCIAL YEAR

BACKGROUND

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

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

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

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

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

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

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

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

KEY MANAGEMENT PERSONNEL

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

PROGRESS AND ACHIEVEMENT

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

OUTLOOK

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

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

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

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

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

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GROUP FINANCIAL HIGHLIGHTS

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

KEY RATIOS

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

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

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

[#] Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Equity attributable to Equity Holders

[@] Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Assets

[^] Based on Total Borrowings expressed as a percentage of Total Equity attributable to Equity Holders

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SUSTAINABILITY STATEMENT

PREFACE

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

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

IDENTIFICATION OF KEY SUSTAINABILITY ASPECTS

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

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

KEY SUSTAINABILITY ASPECTS

Sustainability Aspect	Identified Issues
a) Economic sustainability	<ul style="list-style-type: none"> ▪ Expansion of the Group’s core business to mobile and digital solutions businesses for earnings and growth sustainability ▪ Exploring opportunities in the expansion of earnings accretive businesses for sustainability in earnings growth
b) Environment sustainability	<ul style="list-style-type: none"> ▪ Optimisation of resource consumption
c) Social sustainability	<ul style="list-style-type: none"> ▪ Work safety ▪ Talent development and retention ▪ Workers welfare schemes

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

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

ECONOMIC SUSTAINABILITY

	Measures taken to counter these issues
Earnings sustainability	<ul style="list-style-type: none"> ▪ Expansion of business activities from the existing investment holding, project management and infrastructure construction businesses to include mobile and digital solutions businesses achieved via the acquisition of 51% equity interest in TAS, which in turn holds 56% equity interest in DAPAT which provides mobile value-added services.
Earnings growth sustainability	<ul style="list-style-type: none"> ▪ Plans of increasing the stake in DAPAT as detailed in the sale and purchase agreement signed between TAS and Heitech Padu Berhad which eventually when completed enables the Group to have larger share of profits in DAPAT.

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

ENVIRONMENTAL SUSTAINABILITY

Measures taken to counter these issues

Resources sustainability

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

SOCIAL SUSTAINABILITY

Measures taken to counter these issues

Skilled & experienced staff

- Recruitment and retention of talents in the Group
- Continual talent development provided to staff of the Group
- Adherence to Guidance on occupational safety as per the Best Practices on Occupational Safety and Health in Construction Industry 2019 issued by the Department of Occupational Safety and Health, Ministry of Human Resources.

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

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD FUNCTIONS AND RESPONSIBILITIES

The principal functions of Board are summarised as follows:

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

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

BOARD COMMITTEES

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

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

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

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NOMINATING COMMITTEE

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

CHAIRMAN

Low Yan Seong Independent Non-Executive Director

MEMBER

Datuk Dr. Ng Bee Ken Independent Non-Executive Chairman

PRINCIPAL RESPONSIBILITIES OF NC

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

NOMINATION POLICY

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

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

PROCESS AND PROCEDURE OF DIRECTOR(S) NOMINATION

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

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

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

GENDER DIVERSITY IN BOARD ROOM

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

SUMMARY OF ACTIVITIES OF THE NC

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

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

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

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

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

BOARD MEETINGS

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

The summary of attendance of each Director is as follows:

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

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

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

OTHER NON-ROUTINE BOARD MEETINGS

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

INVITEES TO BOARD MEETINGS

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

BOARD INDEPENDENCE AND EFFECTIVENESS

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

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BOARD INDEPENDENCE

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

BOARD EFFECTIVENESS

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

Through the presence of independent directors

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

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

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

Role of the independent non-executive Chairman

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

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

Separation of power

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

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

Independence of non-executive directors

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

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NON-EXECUTIVE DIRECTORS' TENURE OF SERVICE

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

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

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

LONG SERVICE INDEPENDENT DIRECTORS

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

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

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

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

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

POLICIES

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

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COMPANY SECRETARY

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

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

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

BOARD COMPOSITION

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

BOARD MEMBERS

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

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

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

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

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

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DIRECTORS' APPOINTMENT AND RE-ELECTION

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

DIRECTORS' TRAINING

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

ANNUAL TRAINING REQUIREMENTS

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

Datuk Dr. Ng Bee Ken	<ul style="list-style-type: none"> ➤ Rethinking – Independent Directors: Board Best Practices ➤ Evaluating Effective Internal Audit Function – Audit Committee's Guide On How To ➤ Corporate Liability under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ➤ Metal Form China 2019 Exhibition ➤ 20th China (Guangzhou) International Spring Industry Exhibition
Tun Dato' Seri Zaki Bin Tun Azmi	<ul style="list-style-type: none"> ➤ An Outside-In Perspective on Astro's Future & Strategic Direction ➤ Anti Bribery ➤ Media Outlook ➤ "Let's get Real" on Anti Bribery ➤ Audit Committee Institute Breakfast Roundtable 2019
Pan Ding	<ul style="list-style-type: none"> ➤ The Application of Artificial Intelligence in Fintech ➤ The Environment Protection Working Group Seminar
Low Yan Seong	<ul style="list-style-type: none"> ➤ Identification of Online Corporate Data and Risk Management by KPMG China
Wan Kamarul Zaman Bin Wan Yaacob	<ul style="list-style-type: none"> ➤ How 5G Going to Change the World ➤ Get Ready for the Current Global Financial Crisis

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

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

GENDER DIVERSITY POLICY AND TARGET

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

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DIRECTORS' REMUNERATION POLICY AND PROCEDURE

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

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

The composition of RC is as follows:

CHAIRMAN

Wan Kamarul Zaman Bin Wan Yaacob Independent Non-Executive Director

MEMBERS

Datuk Dr. Ng Bee Ken Independent Non-Executive Chairman

Low Yan Seong Independent Non-Executive Director

FACTORS TO DETERMINE THE REMUNERATION OF DIRECTORS

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

DISCLOSURE ON DIRECTORS' REMUNERATION

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

Received from the Group

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

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Received from the Company

Executive Directors

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

Independent Non-Executive Directors

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

REMUNERATION OF TOP MANAGEMENT

Received from the Group

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

Received from the Company

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

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

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RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

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

INTERGRITY IN CORPORATE REPORTING

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

Financial Reporting

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

Compliance-related Reporting

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

Others

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

Meaningful relationship with shareholders and stakeholders

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

Communication channels with shareholders

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

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OTHER PRINCIPLES

ACCOUNTABILITY AND AUDIT

Accountability as guided by the Code of Business Conduct

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

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

RELATIONSHIP WITH AND ASSESSMENT OF THE EXTERNAL AUDITORS

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

Assessment of the external auditors

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

RESPONSIBILITY STATEMENT BY THE BOARD

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

AUDIT FEE

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

NON-AUDIT FEE

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

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UTILISATION OF PROCEEDS

Not applicable.

MATERIAL CONTRACTS

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

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

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

RECURRENT RELATED PARTY TRANSACTIONS

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

COMPLIANCE WITH PRINCIPLES AND RECOMMENDATIONS OF MCCG

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

AUDIT COMMITTEE REPORT

1) COMPOSITION

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

CHAIRMAN

Datuk Dr. Ng Bee Ken

Independent Non-Executive Chairman

MEMBERS

Low Yan Seong

Independent Non-Executive Director

Wan Kamarul Zaman Bin Wan Yaacob

Independent Non-Executive Director

2) MEETINGS

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

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

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

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

3) SUMMARY OF WORK DONE BY THE COMMITTEE

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

- i) Reviewed the quarterly unaudited financial results and related announcements and recommended the same to the Board of Directors (“Board”) for consideration and approval
- ii) Reviewed and approved the Group’s financial statements for the financial year ended 30 June 2019
- iii) Reviewed and approved the audit plan and scope of work presented by the external auditors for the statutory audit of the Group’s financial statements for the financial year ended 30 June 2020
- iv) Conducted private discussion session(s) with the external auditors, without the presence of executive directors and management
- v) Reviewed the Statement on Risk Management and Internal Control before recommending to the Board for approval for insertion into the Company’s Annual Report
- vi) Reviewed the annual audited financial statements of the Group with the external auditors prior to the presentation to the Board for approval. The review focused particularly on changes of accounting policy, significant matters highlighted including financial reporting issues, significant and unusual events / transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia
- vii) Reviewed on quarterly basis the summary of related party transactions, trade receivables and ageing analysis of the Group
- viii) Reported to the Board on matters discussed and addressed at meetings of the Committee

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- ix) Reviewed and discussed with the external auditors on significant issues noted in the course of their audit of the Group
- x) Reviewed the audit fee proposal and recommended to the Board for approval of the audit fees

4) INTERNAL AUDIT FUNCTION

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

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

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

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

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

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

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

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

THE GOVERNING LAWS AND REGULATIONS

MALAYSIAN CODE ON CORPORATE GOVERNANCE (“MCCG”) AND CORPORATE GOVERNANCE GUIDE – THIRD EDITION ISSUED IN 2017 (“CG GUIDE”)

The MCCG and CG Guide require that Board of Directors of listed issuers to maintain a sound risk management and internal control system to safeguard shareholders’ investments and the Group’s assets.

1. ROLES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS (“BOARD”)

The Board is responsible for

(i) OVERSIGHT AND ASSESSMENT OF GROUP RMIC FRAMEWORK (SYSTEM AND PROCEDURES)

The Board holds an oversight role in the Group RMIC matters, in relation to the overall RMIC system and procedures, primarily to the key business and operational risk factors faced by the Group, as well as assessment of the impact on the Group’s exposure to these risks. This is the very first important step in efforts devoted in safeguarding the Group’s assets, shareholders’ and other stakeholders’ interests.

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

(ii) ENSURING APPROPRIATE AND TIMELY ACTIONS AND UPDATES

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

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

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2. ROLES OF MANAGEMENT TEAM

The management team is responsible for

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

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

(ii) REPORTING TO THE GROUP'S AUDIT COMMITTEE

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

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

3. ROLES OF THE AUDIT COMMITTEE

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

4. ROLES OF INTERNAL AUDITOR ("IA")

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

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

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

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

5. STRATEGIES TO IDENTIFY AND ADDRESS RISKS

i) ESTABLISHMENT OF A RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

ii) PERIODICAL PROGRESS STATUS UPDATES

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

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

iii) REVIEW AND UPDATE OF RISK MANAGEMENT POLICIES

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

iv) REPORT FROM THE INTERNAL AUDITOR

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

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*(Incorporated in Malaysia)***6. KEY PROCESSES / FEATURES OF INTERNAL CONTROL SYSTEM**

- (i) Conduct of a yearly internal audit review on major operational areas, for the purpose of obtaining an independent appraisal on the adequacy and effectiveness of the existing internal control system (structure and mechanisms)
- (ii) Establishment of a clear reporting hierarchy and channels to facilitate immediate or timely escalation of issues, from front liners at the production plant to management levels, for effective and/or efficient resolution
- (iii) The Board meets at least once every quarter to deliberate and be updated on issues that may have significant impact on the Group's financial performance and other aspects. The executive directors present to the Board and Board Committees findings in the Group's operating units and rectification measures initiated/planned to mitigate possible financial and non-financial losses
- (iv) The Group has a Code of Business Conduct which serves as guidance to all employees, about the rules, best practices and attitude that they are expected to observe when carrying out their duties. Employees are expected to act in the best interest of the Group, failing which may result in stern disciplinary actions being taken
- (v) As at the date of this report, there was a new policy being established, i.e. Group Policy on Anti-corruption and revamp of the Group Policy on Whistleblowing. Both the policies, together with the Board Charter and Code of Business Conduct were reviewed, deliberated and approved by the Board on 21 October 2020.

7. LIMITATION OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

CONCLUSION

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

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

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

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GALLERY OF EVENTS

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



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



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



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



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



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

