

**SINOTOP HOLDINGS BERHAD
(FORMERLY KNOWN AS JOHN MASTER INDUSTRIES BERHAD)**

**QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31
DECEMBER 2009**

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

**1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND
FINANCIAL PERIOD TO DATE**

Sinotop Holdings Berhad (“Sinotop” or “Company”) had on 9 October 2009 completed the disposal of its entire business and undertakings including all of its assets and liabilities (“Disposal”), the details of which are contained in Note 8(b)(i).

Subsequent to the Disposal, the continuing operations of the Company recorded revenue of RM 0.495 million and RM 0.661 million respectively for current year quarter and current year to date. There was no revenue generated for the preceding year corresponding quarter and cumulative quarter. The current year quarter revenue comprise mainly interest income earned from the proceeds of the Disposal whereas the cumulative quarter revenue includes interest income earned from its existing cash balances.

The company recorded a loss before taxation from continuing operations of RM 0.24 million and RM1.85 million respectively for the current year quarter and cumulative quarter as compared to a loss before taxation of RM 0.285 million and RM1.52 million respectively for the preceding year corresponding quarter and cumulative quarter.

The increase in current year losses were primarily due to the corporate expenses incurred for the Asset Injection (See Note 8(b)(iii)).

**2. MATERIAL CHANGE IN THE PROFIT BEFORE TAXATION FOR THE
REPORTED QUARTER AS COMPARED TO THE IMMEDIATE
PRECEDING QUARTER.**

The Company made a pre-tax loss of RM 0.24 million during the third quarter ended 31 December 2009 as compared to a pre-tax loss of RM 1.38 million during the immediate preceding quarter. This was due to lower expenses incurred and more interest income earned from the proceeds of the Disposal during the current quarter.

3. CURRENT YEAR PROSPECTS

As at the date of this announcement, the Disposal has been completed (See Note 8(b)). Following the completion of the Disposal, the Company will no longer have any further earnings from its existing business as it has disposed the entire business and undertakings. However, upon the successful completion of the

Asset Injection (as defined in Note 8(b)(iii) below), the new assets/businesses to be injected are expected to provide a different source of future income to Sinotop.

4. EXPLANATORY NOTE FOR VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE.

Not applicable.

5. TAXATION (Continuing operations)

	Current year quarter ended 31/12/2009 RM '000	Current year cumulative quarter ended 31/12/2009 RM '000
Tax on profit for the year	47	47
Tax under provided for last year	-	3
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	47	50
	=====	=====

The effective tax rate for the current quarter is higher than the statutory tax rate as some of the expenses are not tax deductible.

6. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

The Company entered into a Sale of Business Agreement with HCH Industries Sdn Bhd(formerly known as Yoon Foong Garments Sdn Bhd) for the disposal of its entire business and undertakings including all of its assets and liabilities for a total consideration of RM78.5 million (“Disposal”). The Disposal was completed on 9 October 2009. Please refer to Note 8 (b)(i) for further details of the Disposal.

7. QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Company during the financial period ended 31 December 2009.

The Company does not have any investment in quoted shares as at the end of the financial year.

8. STATUS OF CORPORATE PROPOSALS

a) Composite Proposal

The shareholders of the Company had at an Extraordinary General Meeting of the Company held on 29 January 2007 approved the Composite Proposal comprising inter alia:

- Proposed option granted by Khoi Kiong (M) Sdn Bhd (“KKSB”) to JM Land Sdn Bhd (“JML”) on 7 July 2006 (“Option Date”) whereby JML may exercise the option within a period of 2 years from the Option Date

to purchase the undivided shares of Lot 5727 (which are not under dispute owned by KKSB) of approximately 24.45 acres of freehold land in the Mukim of Kajang, District of Hulu Langat, State of Selangor Darul Ehsan, at a total cash consideration of RM7,579,534.10; and

Proposed disposal by JML of up to approximately 366 acres of freehold land in the Mukim of Kajang, District of Hulu Langat, State of Selangor Darul Ehsan to Jade Homes Sdn Bhd , a wholly-owned subsidiary of Gamuda Berhad, for a total cash consideration of up to RM226 million.

The Composite Proposal was undertaken by a subsidiary which has since been disposed off under the Disposal (see Note 8(b)(i)).

b) **Disposal, Capital Repayment, Consolidation and Amendment (collectively referred to as the “Stage 1 Proposals”) and Asset Injection, Rights Issue, Increase and Amendment II_(collectively referred to as the “Stage 2 Proposals”)**

On 23 June 2009 (First Announcement), 28 July 2009, 18 August 2009, 9 September 2009 and 9 October 2009, AmInvestment Bank Berhad (“AmInvestment”) announced on behalf of the Company that the Company proposed to undertake the following proposals:-

i) a sale by the Company of its entire business and undertakings including all of its assets and liabilities via an open tender process to be satisfied wholly in cash. (“Disposal”).

The Disposal was formalized by the execution of a Sale of Business Agreement between Sinotop and HCH Industries Sdn Bhd (Formerly known as Yoon Foong Garments Sdn Bhd) (“YFG”) for a cash consideration of RM78,500,000 (“Disposal Consideration”) on 28 July 2009. YFG is a related party as the Directors and certain shareholders of YFG are Directors and substantial shareholders of Sinotop.

The Disposal was completed on 9 October 2009 and resulted in a loss of RM 57.37 million.

The Disposal Consideration was utilized for:

- the Capital Repayment of RM77,384,802.60 (or RM0.63 per share) to be distributed to all shareholders of Sinotop.
- The balance of RM1,115,197.40 will be allocated towards the estimated expenses for the Stage 1 Proposal (“Estimated Expenses”). In the event such Estimated Expenses are not fully utilized, the balance will be allocated towards the expenses for Stage II Proposals.

ii) a capital repayment via a cash distribution of RM77,384,802.60 via a reduction of share premium and share capital pursuant to Section 60(2) and 64 of the Companies Act, 1965 which will result in the reduction of

the par value of Sinotop shares from RM1.00 to RM0.05 (“Capital Repayment”)

The Capital Repayment was completed on 8 January 2010.

- iii) an acquisition of the Be Top Group Limited and its subsidiary company, namely Top Textile (Suzhou) Co. Ltd by Sinotop, post Disposal and Capital Repayment (“Asset Injection”)

Subsequent to the First Announcement, Sinotop had on 9 September 2009 entered into a Conditional SPA with Mr Pan Ding and Mr Pan Dong (“Vendors”) in respect of the Asset Injection for a consideration of RMB755.0 million or RM393,229,168 which will be satisfied via the following:

- (a) issuance of 780,281,000 new Consolidated Shares to Gifted Investments Limited (“GIL”) at an issue price of RM0.20 per Consolidated Share;
- (b) issuance of RM172,068,800 nominal value of 5% coupon convertible bonds “A” to GIL which are convertible into 860,344,000 new Consolidated Shares in at a conversion price of RM0.20 per Convertible A and
- (c) issuance of RM65,104,168 nominal value of zero coupon convertible bonds “B” to GIL which are convertible into 151,405,041 new Consolidated Shares in Sinotop at a conversion price of RM0.43 per Convertible B.

GIL is a special purpose vehicle incorporated for purposes of the Proposed Asset Injection. GIL is equally owned by Mr Pan Ding and Mr Pan Dong, who are also directors of GIL.

Salient Terms of the Conditional SPA include inter alia, the following:

- (1) the approval of the Securities Commission (“SC”) having been obtained in respect of the Asset Injection, the issuance of the Vendors Shares and the Convertibles A and Convertibles B, the Exemption, the Rights Issue and the issuance of the new Consolidated Shares pursuant to the conversion of the Convertibles A and Convertibles B, whichever shall be applicable;

The SC had on 10 December 2009 approved the Asset Injection and Rights Issue and on 15 January 2010 approved the Exemption.

- (2) the approval-in-principle of Bursa Malaysia Securities Berhad (“Bursa”) having been obtained for the listing and quotation of the Vendors Shares, the Rights Shares and the new Consolidated Shares pursuant to the conversion of the Convertibles A and Convertibles B, which was obtained on 6 January 2010;

- (3) the confirmation of the High Court of Malaya for the reduction of Sinotop's share capital and share premium account pursuant to Section 64 and Section 60(2) of the Companies Act, 1965, which was obtained on 8 December 2009;
- (4) the requisite resolutions approving, inter-alia, the Repayment Proposals, the Consolidation, Exemption and the Stage II Proposals being passed at extraordinary general meeting(s) ("EGMs") of, which was obtained at the EGMs held on 17 September 2009 and 12 January 2010 respectively;
- (5) any other approvals/consents which may be required to carry out the sale and purchase and transfer of the entire issued and paid-up capital of Be Top (BVI), including the approvals of any relevant authorities in Malaysia, the Peoples' Republic of China and BVI, if applicable;
- (6) the results of the due diligence review (including but not limited to legal, financial and commercial due diligence reviews) by Sinotop into the Be Top Group and its affairs being to the satisfaction of Sinotop, and such due diligence not revealing or identifying any prohibition or restriction in respect of the implementation of the Asset Injection;
- (7) the Major Shareholders namely Mr Ho Chin Hou, Mr Ho Yeong Fan, Ms Ho Wei Ching and Ms Ho Wei Choon having issued to Sinotop an irrevocable undertaking to subscribe for (a) 87,108,470 new Rights Shares which represent 100% of their entitlement under the Rights Issue, and (b) Ho Yeong Fan having issued to Sinotop an irrevocable undertaking to subscribe for up to an additional 47,891,530 Rights Shares in the event the same are not fully subscribed by the other Sinotop Shareholders pursuant to the Rights Issue;
- (8) the completion of the Disposal, which was completed on 9 October 2009;
- (9) the completion of the Capital Reduction, Consolidation and Repayment; and
- (3) The Capital Reduction was completed on 30 December 2009 together with the listing of and quotation for the consolidated shares under the Consolidation on the same day. The Repayment was completed on 8 January 2010.
- (10) it being verified from the due diligence review on Sinotop that following the completion of the Disposal and the Capital Repayment, Sinotop has no assets and liabilities (including contingent liabilities) save and except as disclosed in the disclosure letter given by Sinotop to the Vendors on or prior to the date of execution of the Conditional SPA.

iv) Sinotop is also proposing to undertake the following additional proposals:

- To consolidate the resultant of 122,833,020 ordinary shares of RM0.05 each (after the Capital Repayment) into 30,708,255 ordinary shares of RM0.20 each (“Consolidated Shares”) (Consolidation);

The Listing of and quotation of the Consolidated Shares under the Proposed Consolidation was on 30 December 2009.

- Sinotop will undertake a renounceable rights issue exercise of up to 307,082,550 new Shares on the basis of ten (10) new Shares for every one (1) existing Consolidated Share held at an issue price of RM 0.20 per Right Share (being the par value of Sinotop ordinary shares after taking into consideration the Consolidation (“Rights Issue”));

- Sinotop will be proposing amendments to its M&A to facilitate the Consolidation and Increase (“ Amendment I and Amendment II” respectively); and

The Amendment I was completed on 17 September 2009 and Amendment II on 12 January 2010.

- To facilitate the additional new Consolidated Shares to be issued pursuant to the Asset Injection and the Right Issue, the Company will also be proposing an increase in its authorized share capital (“Increase”)

The Increase was completed on 12 January 2010.

c) Change of company name

The Company changed its name from John Master Industries Berhad to Sinotop Holdings Berhad on 14 January 2010.

d) Change of financial year end

On 16 December 2009, the Company announced that it has changed it’s financial year end from 31 March 2010 to 31 December 2009.

9. BORROWINGS

The Company does not have any borrowings as at 31 December 2009.

10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at the date of this announcement.

11. CHANGES IN MATERIAL LITIGATION

The Company does not have any material litigation. All litigations included in the previous announcements are in respect of subsidiaries which have since been disposed off under the Disposal.

12. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the financial period ended 31 December 2009.

13. EARNINGS PER SHARE

	Current year quarter ended	Current year cumulative quarter ended
	31/12/2009	31/12/2009
	RM '000	RM '000
a) Basic earnings per share		
i) Continuing operation		
Net loss attributable to equity holders of the Company	287	1,901
Weighted average number of Ordinary Share	121,828	121,828
Basic loss per share (sen)	0.236	1.560
ii) Discontinued operation		
Net loss attributable to equity holders of the Company	57,416	54,110
Weighted average number of Ordinary Share	121,828	121,828
Basic loss per share (sen)	47.129	44.415

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**QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31
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SELECTED EXPLANATORY NOTES PURSUANT TO FRS134

a) ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The financial statements of the Company are unaudited and have been prepared and presented on a basis consistent with the accounting policies and methods of computation adopted by the Group in the most recent annual financial statements.

b) AUDITORS' REPORT

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

c) SEASONAL OR CYCLICAL FACTORS

Not applicable as following the completion of the Proposed Disposal on 9 October 2009, the Company does not have any business operations.

d) EXCEPTIONAL ITEM

Not applicable

e) CHANGES IN ESTIMATES

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

f) ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

During the financial period under review, the Group made repayments of their borrowings of RM73,000 and capital repayment of RM77,384,802.60.

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

g) DIVIDEND

There were no dividends paid for the financial period ended 31 December 2009.

h) SEGMENT INFORMATION

Not applicable as following the completion of the Proposed Disposal on 9 October 2009, the Company does not have any business operations.

i) VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment have not been revalued since the last annual financial statements. They are stated at cost less accumulated depreciation and residual values.

j) EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Save for the corporate proposals disclosed under Note (8) there are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period made up to a date not earlier than 7 days from the date of issue of the quarterly report.

k) CHANGES IN THE COMPOSITION OF THE GROUP

The Disposal (as explained in Note 8(b)(i)) has resulted in a disposal of all the subsidiaries of the Company.

l) CHANGES IN CONTINGENT LIABILITIES / ASSETS

- (i) There were no contingent liabilities as at the date of this announcement. Pursuant to the Disposal, all corporate guarantees issued to secure banking facilities granted to its subsidiaries have been discharged.
- (ii) There are no changes in contingent assets since the last annual financial statement.