



# **SINOTOP HOLDINGS BERHAD**

**(114842-H)**

*(Incorporated In Malaysia)*

## **QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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## INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

## Unaudited Condensed Consolidated Statement of Comprehensive Income

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT YEAR QUARTER ENDED 31/3/2011 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000 (Unaudited)	CURRENT YEAR TO DATE 31/3/2011 RM'000 (Unaudited)	PRECEDING YEAR TO DATE 31/3/2010 * RM'000 (Unaudited)
Revenue	32,141	N/A	32,141	N/A
Operating expenses	(30,859)	N/A	(30,859)	N/A
Other operating income	209	N/A	209	N/A
Profit from operations	1,491	N/A	1,491	N/A
Finance costs	(306)	N/A	(306)	N/A
Profit before taxation	1,185	N/A	1,185	N/A
Taxation	(221)	N/A	(221)	N/A
Profit for the financial period	964	N/A	964	N/A
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(856)	N/A	(856)	N/A
Total comprehensive income for the period	108	N/A	108	N/A
Profit attributable to:				
Equity holders of the parent	964	N/A	964	N/A
Minority interest	-	N/A	-	N/A
	964	N/A	964	N/A
Total comprehensive income attributable to:				
Equity holders of the parent	106	N/A	108	N/A
Minority interest	-	N/A	-	N/A
	106	N/A	108	N/A
Profit per ordinary share (sen):				
- Basic	0.05	N/A	0.05	N/A
- Diluted	N/A	N/A	N/A	N/A

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

\* No comparative figures are presented following the reverse acquisition of Sinotop Holdings Berhad ("Sinotop") by Be Top Group Limited ("Be Top Group").

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT FINANCIAL PERIOD ENDED 31/3/2011 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 RM'000 AUDITED
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	53,204	54,977
Land use rights	5,757	5,846
	<u>58,961</u>	<u>60,823</u>
<b>Current Assets</b>		
Land use rights	128	130
Inventories	18,040	16,380
Trade and other receivables	70,639	79,040
Cash and cash equivalents	23,597	26,743
	<u>112,404</u>	<u>122,293</u>
<b>Total assets</b>	<u>171,365</u>	<u>183,116</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	394,899	394,899
Statutory reserve	13,595	13,441
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	(3,795)	(2,939)
Retained profits	69,235	68,425
<b>Total equity</b>	<u>145,810</u>	<u>145,702</u>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	-	-
<b>Total non-current liabilities</b>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>		
Trade and other payables	7,434	19,672
Interest-bearing liabilities	18,283	17,082
Income tax payable	(162)	660
<b>Total current liabilities</b>	<u>25,555</u>	<u>37,414</u>
<b>Total liabilities</b>	<u>25,555</u>	<u>37,414</u>
<b>Total equity and liabilities</b>	<u>171,365</u>	<u>183,116</u>
<b>Net assets per share (RM)</b>	<u>0.07</u>	<u>0.07</u>

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

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT FINANCIAL YEAR ENDED 31/3/2011 RM'000 UNAUDITED	AS AT FINANCIAL YEAR ENDED 31/3/2010 * RM'000 UNAUDITED
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,185	N/A
Non-cash items	1,278	N/A
Non-operating items - interest expenses	306	N/A
- interest income	(82)	N/A
Changes in working capital	(5,497)	N/A
Cash generated from operations	<u>(2,810)</u>	<u>N/A</u>
Interest paid on borrowing	(306)	N/A
Tax paid (net)	(1,043)	N/A
Net cash generated from operating activities	<u>(4,159)</u>	<u>N/A</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	82	N/A
Net cash used in investing activities	<u>82</u>	<u>N/A</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of interest-bearing liabilities	(1,570)	N/A
Drawdown of interest-bearing liabilities	2,771	N/A
Net cash generated from financing activities	<u>1,201</u>	<u>N/A</u>
Net increase in cash and cash equivalents	(2,876)	N/A
Foreign exchange translation differences	(270)	N/A
Cash and cash equivalents at beginning of the year	26,743	N/A
Cash and cash equivalents at end of the year	<u>23,597</u>	<u>N/A</u>

Note :

( ) Denotes cash outflow

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

# The cash flow statement for the current financial year is prepared by comparing the consolidated statement of financial position of current financial year with legal subsidiary's preceding year consolidated statement of financial position.

\* No comparative figures are presented following the reverse acquisition of Sinotop Holdings Berhad ("Sinotop") by Be Top Group Limited ("Be Top Group").

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----- Non distributable ----->						Distributable Unappropriated Profits	Total Equity
	Share Capital RM '000	Convertible A RM '000	Convertible B RM '000	Reverse take-over reserve RM '000	Statutory reserve RM '000	Foreign currency translation reserves RM '000		
Balance at 1/1/2011 (audited)	394,899	-	-	(328,124)	13,441	(2,939)	68,425	145,702
Total comprehensive income for the financial year	-	-	-	-	-	(856)	964	108
Transfer to statutory reserve	-	-	-	-	154	-	(154)	-
Balance at 31/3/11 (Unaudited)	394,899	-	-	(328,124)	13,595	(3,795)	69,235	145,810

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

## **SINOTOP HOLDINGS BERHAD**

### **QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

#### **PART A - EXPLANATORY NOTES PURSUANT TO FRS 134**

##### **A1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Report Standard (“FRS”) 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the Main Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year ended 31 December 2010.

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2010.

##### **A2. CHANGES IN ACCOUNTING POLICIES**

The Group has adopted the following FRSs, Amendments to FRSs and Interpretations with effect from 1 January 2010:

- FRS 4 : Insurance Contracts
- FRS 7 : Financial Instruments: Disclosures
- FRS 8 : Operating Segments
- FRS 101 : Presentation of Financial Statements
- FRS 123 : Borrowing Costs
- FRS 139 : Financial Instruments: Recognition and Measurement
- Amendment to FRS 1 and FRS 127 : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendment to FRS 2 : Vesting Conditions and Cancellations
- Amendment to FRS 7, FRS 139 and IC Interpretation 9 : Improvements to Accounting for Financial Instruments
- Amendment to FRS 101 and FRS 132 : Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendment to FRS 132 : Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

## **A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

- IC Interpretation 9 : Reassessment of Embedded Derivatives
- IC Interpretation 10 : Interim Financial Reporting and Impairment
- IC Interpretation 11:  
FRS 2 : Group and Treasury Share Transactions
- IC Interpretation 13 : Customer Loyalty Programmes
- IC Interpretation 14:  
FRS 119 : The Limit on a Defined Benefit Asset, Minimum  
Funding Requirements and their Interaction
- Amendments to FRSs : Annual Improvements to FRSs (2009)

The adoption of the above FRSs, amendments and interpretations do not have any significant financial impact on the Group except as follows:

### ***FRS 101, Presentation of Financial Statements***

Prior to adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of a changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard.

The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements.

## **A3. AUDITORS' REPORT**

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

#### **A4. SEASONAL OR CYCLICAL FACTORS**

The Group has continued experiencing moderate seasonality during the financial period since September 2010 due to the unusually high cotton prices as compared to historical trends. There is shortage of cotton in domestic PRC partially due to changes in weather pattern affecting productivity of cotton producers and the imposition of import of overseas cotton by Government of China which also limit the supply of cotton in China. These factors have lead to the unusual increase in raw material prices, which served as one of the contributing factors which have negative impacts on the profitability of the Group. In addition, there are also demand for higher labour costs and other expenses due to seasonal Chinese new year celebration.

#### **A5. EXCEPTIONAL ITEMS**

Not applicable.

#### **A6. CHANGES IN ESTIMATES**

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

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

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

#### **A8. DIVIDEND**

There were no dividends paid for the financial period ended 31 March 2011.

#### **A9. SEGMENT INFORMATION**

Information on business segments is not presented as the Group operates primarily in the manufacturing and sale of fabric products.

Revenue by geographical segment is based on the geographical location of the customers. As substantial amount of the Group's assets and liabilities are located in PRC and accordingly, no separated geographical segment for assets and liabilities has been presented for the financial period.



## **A9. SEGMENT INFORMATION (CONT'D)**

### Geographical Segments

The following table provides an analysis of the Group's revenue by geographical segments:

	Domestic The PRC RM'000	Overseas Outside the PRC RM'000
31 March 2011		
REVENUE		
External sales	27,734	4,407

The Group's revenue, based on customers' locations, is derived mainly from the PRC and other overseas countries.

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

Not applicable

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

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period made up to a date not earlier than 7 days from the date of issue of the quarterly report.

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

There were no changes in the composition of the Group during the financial period under review.

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

- (i) There were no contingent liabilities as at the date of this announcement.
- (ii) There are no changes in contingent assets since the last annual financial statements.

#### A14. FOREIGN CURRENCY TRANSLATION

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

	<b>As at financial period ended 31/3/2010</b>	<b>As at financial year ended 31/12/2010</b>
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.4632	0.4751
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.4617	0.4662

## **SINOTOP HOLDINGS BERHAD**

### **QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

#### **PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS**

##### **B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE**

The current quarter/cumulative quarter revenue of RM32.1 million comprises the revenue from the manufacturing and sales of fabrics.

The Group recorded a profit before taxation of RM1.2 million for the current quarter and current cumulative quarter respectively.

There were no comparative figures in the preceding financial year as Be Top Group, a private limited company, did not make any interim financial reporting prior to the reverse acquisition to the interim financial report of the current quarter.

##### **B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAXATION FOR THE REPORTED QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER**

Group profit before tax for the current quarter at RM1.2 million has decreased by 89% as compared to the preceding quarter's loss before tax of RM11.1 million. The decrease were mainly due to continuous escalation of cotton price which has significantly increased the costs of production while higher cost of raw materials can only be passed on gradually to our customers to maintain good business relationship. Resulting from the high cotton prices, some of our customers have also scaled back on their orders, as they run down existing inventories and adopt a wait-and-see strategy. In addition, there are also demand for higher labour costs and other expenses due to seasonal Chinese new year celebration.

##### **B3. CURRENT YEAR PROSPECTS**

The higher cotton prices and reduced orders have dual negative impacts as they affected both the Company's revenue growth and profit margin. Nevertheless, with the Company's financial and operational resources, the present negative factors are merely short-term in nature. Over time, the market will adapt and eventually business conditions will improve and able to maintaining a satisfactory performance and profit level.

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

The Group has not provided any profit forecast or profit guarantee during the financial period ended 31 March 2011.

**B5. TAXATION**

	<b>Current year quarter ended 31/3/2011 RM '000</b>	<b>Current year cumulative quarter ended 31/3/2011 RM '000</b>
Tax on profit for the year	221	221

The effective tax rate is lower than the statutory rate was mainly due to the following:-

- (a) the subsidiary in the People's Republic of China ("PRC") is entitled to a 50% relief from the PRC enterprise income tax;
- (b) the subsidiary incorporated in The British Virgin Islands ("BVI") is not subject to any corporate tax; and
- (c) the holding company was in a tax loss position.

**B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments and/or properties by the Group during the financial period ended 31 March 2011.

**B7. QUOTED SECURITIES**

There were no purchases or disposal of quoted securities by the Group during the financial period ended 31 March 2011.

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

## B8. STATUS OF CORPORATE PROPOSALS

The Corporate Proposals in respect of the acquisition of Be Top Group Limited and its subsidiary, namely Top Textile (Suzhou) Co. Ltd. (collectively referred to as the “Be Top Group”) for a total consideration of RMB755.0 million (or RM393,229,168) (“Assets Injection”) from Mr. Pan Ding and Mr. Pan Dong (“Vendors”) and Renounceable Rights Issue on the basis of ten (10) right shares for every one (1) existing Sinotop Share held in Sinotop (“Rights Issue”) were completed on 3 August 2010.

The utilisation of RM60.632 million raised from the Right Issue as at 31 March 2011 is as follows:-

Proposed Utilisation of Proceeds	Proposed Utilisation @	Actual Utilisation	Intended Time Frame for Utilisation	Balance Unutilised	
	RM'000	RM'000		RM'000	%
Be Top Group's overall expansion and development plan which includes:-			2 years		
• Purchase of machineries	25,000	6,226		18,774	75
• Purchase of auxiliary equipment	1,500	1,500		-	-
• Expansion of sales and marketing network	1,500	-		1,500	100
• R&D expenditures	1,000	-		1,000	100
Construction of factory expenses	9,000	-	2 years	9,000	100
Working Capital	6,632	6,632	1 year	-	-
Repayment of bank borrowings	11,000	22,100*	1 year	(11,100)	(101)
Estimated Expenses	5,000	5,000 #	Immediate	-	-
<b>TOTAL</b>	<b>60,632</b>	<b>41,458</b>		<b>19,174</b>	<b>32</b>

\* As disclosed in quarterly results for Financial Year ended 31 December 2010, in view of the changes in market environment and review of interest rate in People's Republic of China, the Management has utilised additional RM11.1 million from the original allocation to purchase of machineries to repay additional bank borrowings. The Board of Directors has taken note and subsequently rectified in the Board Meeting for financial year ended 31 December 2010.

# The actual utilisation for the estimated expenses is RM4.63 million, in which balance of RM0.37 utilised as working capital.

@ As per Abridged Prospectus dated 28 June 2010.

There were no corporate proposals announced or outstanding as at the date of this report.

**B9. BORROWINGS**

The Group's bank borrowings as at 31 March 2011 were as follows:-

	<b>As at financial period ended 31/3/2011 RM '000</b>	<b>As at financial year ended 31/12/2010 RM '000</b>
Interest-bearing liabilities (denominated in RMB):		
-Secured	13,666	12,401
-Unsecured	4,617	4,662
Hire purchase payables	-	19
	<u>18,283</u>	<u>17,082</u>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B11. CHANGES IN MATERIAL LITIGATION**

The Group does not have any material litigation.

**B12. PROPOSED DIVIDEND**

The Board does not recommend the payment of any dividend for the financial period ended 31 March 2011.

**B13. EARNINGS PER SHARE**

	<b>Current year quarter ended 31/3/2011 RM '000</b>	<b>Current year cumulative quarter 31/3/2011 RM '000</b>
<b>a) Basic earnings per share</b>		
Net profit attributable to equity holders of the Company	964	964
Weighted average number of Ordinary Share	1,974,467	1,974,467
Basic earning per share (sen)	0.05	0.05
<b>b) Diluted earnings per share</b>		
The Company does not have any diluted earnings per share		

**B14. DISCLOSURE OF REALISED AND UNREALISED PROFITS**

The breakdown of the retained profits of the group as at 31 March 2011, into realised and unrealised profits is as follows:-

	<b>As at financial year ended 31/3/2011 RM '000</b>	<b>As at financial year ended 31/12/2010 RM '000</b>
Total retained earnings of the Group		
- Realised	69,785	68,597
- Unrealised	(550)	(172)
	69,235	68,425
Less: Consolidation adjustments	-	-
Total retained earnings as per condensed consolidated statement of changes in equity	69,235	68,425

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.