



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

CONTENTS

1. Unaudited Condensed Consolidated Statement of Comprehensive Income
2. Condensed Consolidated Statement of Financial Position
3. Unaudited Condensed Consolidated Statement of Cash Flows
4. Unaudited Condensed Consolidated Statements of Changes in Equity
5. Explanatory Notes
 - (i) Part A – Explanatory Notes Pursuant to FRS134
 - (ii) Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

Unaudited Condensed Consolidated Statement of Comprehensive Income

	9 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT YEAR QUARTER ENDED 30/9/2011 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2010 RM'000 (Unaudited)	CURRENT YEAR TO DATE 30/9/2011 RM'000 (Unaudited)	PRECEDING YEAR TO DATE 30/9/2010 RM'000 (Unaudited)
Revenue	41,900	73,536	110,056	223,489
Operating expenses	(41,043)	(81,355)	(105,493)	(201,536)
Other operating income	4,129	3,384	4,987	4,009
Profit / (Loss) from operations ^	4,986	(4,435)	9,550	25,962
Finance costs	(326)	(190)	(976)	(1,943)
Profit / (Loss) before taxation	4,660	(4,625)	8,574	24,019
Taxation	(214)	(1,834)	(713)	(5,414)
Profit / (Loss) for the financial period	4,446	(6,459)	7,861	18,605
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	6,550	(2,959)	6,792	(5,614)
Total comprehensive income/(loss) for the period	10,996	(9,418)	14,653	12,991
Profit/(loss) attributable to:				
Equity holders of the parent	4,446	(6,459)	7,861	18,605
Minority interest	-	-	-	-
	4,446	(6,459)	7,861	18,605
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	10,996	(9,418)	14,653	12,991
Minority interest	-	-	-	-
	10,996	(9,418)	14,653	12,991
Profit/(loss) per ordinary share (sen):				
- Basic	0.23	(0.64)	0.40	2.12
- Diluted	N/A	N/A	N/A	1.71

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

^ The profit from operations before one-off non-recurring items of RM16.8 million is RM12.4 million and RM42.8 million for the preceding year corresponding quarter and preceding year cumulative quarters respectively.

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT FINANCIAL PERIOD ENDED 30/9/2011 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	54,671	54,977
Land use rights	6,151	5,846
Other Investments	2,245	-
	<u>63,067</u>	<u>60,823</u>
Current Assets		
Land use rights	139	130
Inventories	14,681	16,380
Trade and other receivables	80,663	79,040
Cash and cash equivalents	32,596	26,743
	<u>128,079</u>	<u>122,293</u>
Total assets	<u>191,146</u>	<u>183,116</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	13,940	13,441
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	3,853	(2,939)
Retained profits	75,787	68,425
Total equity	<u>160,355</u>	<u>145,702</u>
Non-current liabilities		
Interest-bearing liabilities	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>
Current Liabilities		
Trade and other payables	10,622	19,672
Interest-bearing liabilities	19,603	17,082
Income tax payable	566	660
Total current liabilities	<u>30,791</u>	<u>37,414</u>
Total liabilities	<u>30,791</u>	<u>37,414</u>
Total equity and liabilities	<u>191,146</u>	<u>183,116</u>
Net assets per share (RM)	<u>0.08</u>	<u>0.07</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT FINANCIAL PERIOD ENDED 30/9/2011 RM'000 UNAUDITED	AS AT FINANCIAL PERIOD ENDED 30/9/2010 RM'000 UNAUDITED
OPERATING ACTIVITIES		
Profit before taxation	8,574	24,019
Non-cash items	262	24,554
Non-operating items - interest expenses	972	1,701
- interest income	(141)	(76)
Changes in working capital	(8,974)	(19,965)
Cash generated from operations	<u>693</u>	<u>30,233</u>
Interest paid on borrowing	(972)	(1,701)
Tax paid (net)	(807)	(5,968)
Net cash generated from operating activities	<u>(1,086)</u>	<u>22,564</u>
INVESTING ACTIVITIES		
Capital expenditure	-	(6,527)
Interest received	141	76
Investment in unquoted shares	(2,245)	-
Net cash used in investing activities	<u>(2,104)</u>	<u>(6,451)</u>
FINANCING ACTIVITIES		
Repayment of interest-bearing liabilities	(26,236)	(51,352)
Drawdown of interest-bearing liabilities	28,757	42,718
Repayment to related parties	-	(19,965)
Cash outflow on reverse acquisition of legal parent	-	(2,836)
Proceeds from rights issue	-	60,632
Net cash generated from financing activities	<u>2,521</u>	<u>29,197</u>
Net increase in cash and cash equivalents	(669)	45,310
Foreign exchange translation differences	6,522	(4,664)
Cash and cash equivalents at beginning of the year	26,743	11,894
Cash and cash equivalents at end of the period	<u>32,596</u>	<u>52,540</u>

Note :

() Denotes cash outflow

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----- Non distributable ----->				Distributable Unappropriated Profits	Total Equity
	Share Capital	Reverse take-over reserve	Statutory reserve	Foreign currency translation reserves		
	RM '000	RM '000	RM '000	RM '000	RM '000	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	-	-	-	6,792	7,861	14,653
Transfer to statutory reserve	-	-	499	-	(499)	-
Balance at 30/9/11 (Unaudited)	394,899	(328,124)	13,940	3,853	75,787	160,355

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

SINOTOP HOLDINGS BERHAD

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 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 : The Limit on a Defined Benefit Asset, Minimum
FRS 119 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 since September 2010 due to the excessive increase in cotton prices compared to historical trends. Nonetheless, cotton price had corrected since April 2011 from its high resulting from better harvest in the current season.

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 30 September 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.

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
30 SEPTEMBER 2011		
REVENUE		
External sales	94,772	15,284

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:-

	As at financial period ended 30/9/2011	As at financial year ended 31/12/2010
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.4671	0.4751
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.4988	0.4662

SINOTOP HOLDINGS BERHAD

**QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 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 and cumulative quarter revenue of RM41.9 million and RM110.0 million respectively comprises the revenue from the manufacturing and sales of fabrics.

The Group recorded a profit before taxation of RM4.66 million and RM8.57 million for the current quarter and current year cumulative quarters respectively.

**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 RM4.66 million has increased by 73% as compared to the preceding quarter's gross profit before tax of RM2.7 million. The increase was due partly to a more favorable exchange rate. The Renminbi has appreciated gradually during the current quarter.

B3. CURRENT YEAR PROSPECTS

The fluctuating 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 maintain 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 30 September 2011.

B5. TAXATION

	Current year quarter ended 30/9/2011 RM '000	Current year cumulative quarter ended 30/9/2011 RM '000
Tax on profit for the year	214	713

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 30 September 2011.

B7. QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group during the financial period ended 30 September 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 30 September 2011 is as follows. The below utilisation has not changed since the announcement of the quarterly financial results made on 25 February 2011 for the financial period ended 31 December 2010.

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	-	-
TOTAL	60,632	41,458		19,174	32

* 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 30 September 2011 were as follows:-

	As at financial period ended 30/9/2011 RM '000	As at financial year ended 31/12/2010 RM '000
Interest-bearing liabilities (denominated in RMB):		
-Secured	14,615	12,401
-Unsecured	4,988	4,662
Hire purchase payables	-	19
	<u>19,603</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 30 September 2011.

B13. EARNINGS PER SHARE

	Current year quarter ended 30/9/2011 RM '000	Current year cumulative quarter 30/9/2011 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	4,446	7,861
Weighted average number of Ordinary Share ('000)	1,974,496	1,974,496
Basic earning per share (sen)	<u>0.23</u>	<u>0.40</u>

b) Diluted earnings per share

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 30 September 2011, into realised and unrealised profits is as follows:-

	As at financial period ended 30/9/2011 RM '000	As at financial year ended 31/12/2010 RM '000
Total retained earnings of the Group		
- Realised	72,055	68,597
- Unrealised	3,732	(172)
	<u>75,787</u>	<u>68,425</u>
Less: Consolidation adjustments	<u>-</u>	<u>-</u>
Total retained earnings as per condensed consolidated statement of changes in equity	<u>75,787</u>	<u>68,425</u>

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.