



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE	
	CURRENT YEAR QUARTER ENDED 31/12/2013 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2012 RM'000 (Audited)	CURRENT YEAR TO DATE ENDED 31/12/2013 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2012 RM'000 (Audited)
Revenue	51,052	47,686	172,358	163,620
Operating expenses	(51,894)	(47,539)	(170,603)	(159,241)
Other operating income	1,346	1,172	2,449	2,292
Profit from operations	504	1,319	4,204	6,671
Finance costs	(431)	(50)	(630)	(777)
Profit before taxation	73	1,269	3,574	5,894
Taxation	(521)	(447)	(1,506)	(1,061)
(Loss) / Profit for the financial period	(448)	822	2,068	4,833
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	6,863	1,255	17,240	(3,980)
Total comprehensive income for the period	6,415	2,077	19,308	853
(Loss)/Profit attributable to:				
Equity holders of the parent	(448)	822	2,068	4,833
Minority interest	-	-	-	-
	(448)	822	2,068	4,833
Total comprehensive income attributable to:				
Equity holders of the parent	6,415	2,077	19,308	853
Minority interest	-	-	-	-
	6,415	2,077	19,308	853
(Loss)/Earnings per share (sen) :				
- Basic	(0.02)	0.04	0.10	0.24
- Diluted	N/A	N/A	N/A	N/A

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2013 RM'000 UNAUDITED	AS AT 31/12/2012 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	52,458	51,177
Land use rights	6,347	5,883
Other Investments	12,502	10,235
	<u>71,307</u>	<u>67,295</u>
Current Assets		
Land use rights	151	136
Short-term investment	-	7,364
Inventories	15,073	11,759
Trade and other receivables	85,890	71,124
Cash and cash equivalents	19,559	30,859
Tax Recoverable	30	30
	<u>120,703</u>	<u>121,272</u>
Total assets	<u>192,010</u>	<u>188,567</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	14,718	14,420
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	17,887	647
Retained profits	80,997	79,227
Total equity	<u>180,377</u>	<u>161,069</u>
Non-current liabilities		
Interest-bearing liabilities	-	7,364
Total non-current liabilities	<u>-</u>	<u>7,364</u>
Current Liabilities		
Trade and other payables	11,095	12,254
Interest-bearing liabilities	-	7,364
Income tax payable	538	516
Total current liabilities	<u>11,633</u>	<u>20,134</u>
Total liabilities	<u>11,633</u>	<u>27,498</u>
Total equity and liabilities	<u>192,010</u>	<u>188,567</u>
Net assets per share (RM)	<u>0.09</u>	<u>0.08</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT FINANCIAL YEAR ENDED 31/12/2013 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2012 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	3,574	5,894
Adjustments for :-		
Depreciation	6,246	5,952
Amortisation of land use right	144	136
Allowance for impairment losses in trade receivables	897	859
Gain on disposal of plant and equipment	-	(27)
Write-back of allowance for impairment losses on trade receivables	(1,470)	(1,281)
Non-operating items		
- interest expenses	186	726
- interest income	(315)	(126)
Changes in working capital		
- Inventories	(3,314)	1,141
- Trade receivables and other receivables	(14,193)	3,551
- Trade and other payables	(1,160)	2,639
	-	-
Cash generated from operations	<u>(9,405)</u>	<u>19,464</u>
Interest paid on borrowing	(186)	(726)
Tax paid	(1,484)	(829)
Net cash generated from operating activities	<u>(11,075)</u>	<u>17,909</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,300)	(566)
Interest received	315	126
Proceeds from disposal of property, plant and equipment	-	49
Redemption of short-term investment	8,133	(14,236)
Purchase of unquoted investment	(1,197)	-
Net cash used in investing activities	<u>4,951</u>	<u>(14,627)</u>
FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank loans	(14,728)	(4,549)
Net cash generated from financing activities	<u>(14,728)</u>	<u>(4,549)</u>
Increase in cash and cash equivalents	(20,852)	(1,267)
Foreign exchange translation differences	9,552	(2,262)
Cash and cash equivalents at beginning of the year	30,859	34,388
Cash and cash equivalents at end of the period	<u>19,559</u>	<u>30,859</u>
Note :		
() Denotes cash outflow		

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Non distributable					Distributable Unappropriated Profits RM '000	Total Equity RM '000
	Share Capital RM '000	Reverse take-over reserve RM '000	Statutory reserve RM '000	Foreign currency translation reserves RM '000	>		
Balance at 1/1/2013	394,899	(328,124)	14,420	647	79,227	161,069	
Total comprehensive income for the financial year	-	-	-	17,240	2,068	19,308	
Transfer to statutory reserve	-	-	298	-	(298)	-	
Balance at 31/12/2013 (Unaudited)	394,899	(328,124)	14,718	17,887	80,997	180,377	

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



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

These explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

A2. SIGNIFICANT ACCOUNTING POLICIES

During the financial period, the Group has adopted the following standards, amendments and IC interpretations issued by the Malaysian Accounting Standards Board:

MFRSs and IC Interpretations (Including The Consequential Amendments)

	Effective Date
Amendments to MFRS 1 : Annual Improvements 2009-2011 Cycle	1 Jan 2013
Amendments to MFRS10 : Consolidated Financial Statements	1 Jan 2013
Amendments to MFRS12 : Disclosure of Interests in Other Entities	1 Jan 2013
Amendments to MFRS101 : Presentation of Items of Other Comprehensive Income	1 July 2012
Annual Improvements 2009-2011 Cycle	1 Jan 2013
MFRS 10 : Consolidated Financial Statements	1 Jan 2013
MFRS 12 : Disclosure of Interests in Other Entities	1 Jan 2013
MFRS 13 : Fair Value Measurement	1 Jan 2013
MFRS 119 : Employee Benefits (IAS 19 as amended by IASB in May 2011)	1 Jan 2013
MFRS 127 : Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 Jan 2013
MFRS 128 : Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs did not have any significant financial impact to the Group.

A3. AUDITORS' REPORT

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



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A4. SEASONAL OR CYCLICAL FACTORS

The Group's sales of fabric products are subject to a certain degree of seasonality effect being a primary input of fashion products. Majority of the Group's customers are downstream players, ie mainly export-oriented garment manufacturers. As such, sales of the Group's fabric products are affected by factors such as change in fashion trends, consumer taste and surge in demand ahead of festive seasons.

The appreciation in RMB and higher production costs affected the Group's financial performance. Consumer sentiment is also an important factor in the sense that they are likely to adopt a cautious stance while planning their spending in times of uncertainty.

The Group is riding on its competitive advantage to secure more sales in the export segment, as well as exploring new segments in the domestic market.

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 December 2013.

A9. SEGMENTAL 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:

	Individual Quarter		Cumulative 12 Months	
	Current Quarter	Preceding Year	Current Year	Preceding Year
	Ended	Corresponding	To Date	Corresponding
	31/12/2013	Quarter Ended	Ended	Period Ended
	RM'000	31/12/2012	31/12/2013	31/12/2012
		RM'000	RM'000	RM'000
Revenue				
Domestic Sales	42,270	40,157	135,351	144,382
Overseas Sales	8,782	7,529	37,007	19,238
Total	51,052	47,686	172,358	163,620



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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 were 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 this 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. CAPITAL COMMITMENTS

	RM '000
Approved and contracted for :	
Purchase of property, plant and equipment	2,440

A15. FOREIGN CURRENCY TRANSLATION

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

	As at Quarter Ended 31/12/2013	As at Financial Year Ended 31/12/2012
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.5163	0.4892
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.5422	0.4909

A16. SIGNIFICANT RELATED PARTY TRANSACTION

There was no related party transaction during the current financial period under review.



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

B1. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER AND FINANCIAL YEAR & CORRESPONDING QUARTER IN THE PRECEDING FINANCIAL YEAR

REVENUE

During the current quarter, being the fourth quarter of the financial year ending 31 December 2013, the Group recorded revenue of RM51.05 million, generated from the manufacturing and sales of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn.

Sales revenue increased by RM3.37 million compared to the corresponding quarter in the preceding financial year on the back of higher overall domestic and export market sales registered in the current quarter. Domestic market and export sales both increased marginally by RM2.11 million and RM1.25 million in the current quarter.

Increase in the total sales revenue in the current quarter is due to higher sales orders secured from the Group's customers over its fabric products amid higher demand in the traditionally stronger fourth quarter sales. There has not been any significant change in the sales and marketing direction of the Group.

PROFIT AFTER TAXATION

The Group recorded loss of RM0.45 million for the current quarter.

Profit after taxation decreased by RM1.27 million compared to RM0.82 million registered in the corresponding quarter for the financial year ended 31 December 2012 due to higher production costs and manufacturing overhead incurred in the current financial year, and allowance for impairment loss on trade receivables of RM0.90 million being made in the current quarter.

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

The Group registered a profit before taxation of RM73,000 in the current quarter compared to the profit before tax of RM1.42 million recorded in the immediate preceding quarter. The decrease in profit before tax is attributable to higher production costs and manufacturing overheads, especially wages paid to the production line workers and allowance for impairment losses on trade receivables of RM0.90 million being provided in the current reporting quarter.

B3. PROSPECTS

The Group is encouraged over the improved sales revenue recorded in the current quarter compared to the immediate preceding quarter ended 30 September 2013. It will continue to strive for improvement in productivity, to counter challenges posed by the generally up-trending wages and other manufacturing overheads (eg utilities cost). In addition, the Group has also been exercising prudent costs control measures to preserve profit margin.

However, uncertainty over the recovery pace of global economy and development in the China economic policies, coupled with higher manufacturing overheads, especially wages and utilities, are still factors affecting the Group's financial performance, particularly when the Group is operating at downstream in the fast-moving consumer goods segment that are largely influenced by trend and fashion.



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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 December 2013.

B5. TAXATION

	Individual Quarter		Cumulative		
	Current Quarter Ended 31/12/2013 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2012 RM'000	Current Year To Date Ended 31/12/2013 RM'000	Preceding Financial Year Ended 31/12/2012 RM'000	
Tax on profit for the year	521	447	1,506	1,061	

The tax on profit for the current year is in respect of the Group's subsidiary in China, namely Top Textile (Suzhou) Co. Ltd which principally engaged in the production of customised woven loom-state fabrics made from cotton, synthetic and mixed yarn.

The corporate tax rate applicable to the Group and its subsidiaries are as follows:

- (a) the enterprise income tax rate of a subsidiary in the People's Republic of China ("PRC") is 25%.
- (b) the subsidiary incorporated in The British Virgin Islands ("BVI") is not subject to any corporate tax; and BeTop.
- (c) the holding company is in a tax loss position.

B6. 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 Board of Directors of Sinotop ("Board") announced that the Board has revised the original proposed utilisation of the proceeds raised from the rights issue with regard to the unutilised portion of RM19.174 million out of the total proceeds of RM60.632 million, for an extended utilisation timeframe of two (2) years commencing immediately from the expiry of the original 2-year timeframe in August 2012.

The authority to revise the utilisation of RI Proceeds has been granted by the shareholders to the Board at the Extraordinary General Meeting held on 12 January 2010.

As at 30 September 2013, the Group has utilized RM17.597 million as working capital and RM1.577 million remained unutilized.

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



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B7. BORROWINGS

The Group's bank borrowings as at 31 December 2013 were as follows:-

	As at Financial Period Ended 31/12/2013 RM '000	As at Financial Year Ended 31/12/2012 RM '000
Interest-bearing liabilities (denominated in RMB):		
-Secured	-	14,728
-Unsecured	-	-
	-	14,728

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B9. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation.

B10. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the financial year ended 31 December 2013.

B11. (LOSS)/EARNINGS PER SHARE

	Current year quarter ended 31/12/2013 RM '000	Preceding financial year ended 31/12/2012 RM '000
a) Basic earnings per share		
Net (loss)/profit attributable to equity holders of the Company	(448)	4,833
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic (loss)/earnings per share (sen)	(0.02)	0.24

b) Diluted earnings per share

The Company does not have any diluted earnings per share.



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B12. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2013, into realised and unrealised profits is as follows:-

	As at Fourth Quarter Ended 31/12/2013 RM '000	As at Financial Year Ended 31/12/2012 RM '000
- Realised	(148,651)	(153,359)
- Unrealised	-	-
Less: Consolidation adjustments	229,648	229,648
Total retained earnings as per condensed consolidated statement of changes in equity	80,997	76,289

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.

B13. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging /(crediting)

	Current Year Quarter Ended 31/12/2013 RM'000	Cumulative Quarters Ended 31/12/2012 RM'000
Amortisation of land use rights	144	136
Depreciation of property, plant and equipment	6,246	5,952
Interest expense	186	726
Interest income	(315)	(126)
Gain on disposal of property, plant and equipment	-	27
Writeback of allowance for impairment losses on trade receivables	(1,470)	(1,281)
Allowance for impairment losses on trade receivables	897	859