



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

CONTENTS

1. Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
2. Unaudited 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 MFRS134
 - (ii) Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE	
	CURRENT YEAR QUARTER ENDED 31/12/2014 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2013 RM'000 (Audited)	CURRENT YEAR TO DATE ENDED 31/12/2014 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2013 RM'000 (Audited)
Revenue	42,718	51,052	159,841	172,358
Operating expenses	(42,995)	(51,894)	(157,829)	(170,603)
Other operating income	1,440	1,346	2,098	2,449
Profit from operations	1,163	504	4,110	4,204
Finance costs	20	(431)	(23)	(630)
Profit before taxation	1,183	73	4,087	3,574
Taxation	(238)	(521)	(1,338)	(1,506)
Profit / (Loss) for the financial period	945	(448)	2,749	2,068
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	10,880	6,863	7,556	17,240
Total comprehensive income for the period	11,825	6,415	10,305	19,308
Profit / (Loss) attributable to:				
Equity holders of the parent	945	(448)	2,749	2,068
Minority interest	-	-	-	-
	945	(448)	2,749	2,068
Total comprehensive income attributable to:				
Equity holders of the parent	11,825	6,415	10,305	19,308
Minority interest	-	-	-	-
	11,825	6,415	10,305	19,308
Earnings / (Loss) per share (sen) :				
- Basic	0.05	(0.02)	0.14	0.10
- Diluted	N/A	N/A	N/A	N/A

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2014 RM'000 UNAUDITED	AS AT 31/12/2013 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	52,597	52,458
Land use rights	6,442	6,347
Other Investments	12,998	12,502
	72,037	71,307
Current Assets		
Land use rights	157	151
Inventories	17,976	15,073
Trade and other receivables	92,274	85,890
Cash and cash equivalents	20,866	19,559
Tax Recoverable	30	30
	131,303	120,703
Total assets	203,340	192,010
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	15,061	14,718
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	25,443	17,887
Retained profits	83,403	80,997
Total equity	190,682	180,377
Current Liabilities		
Trade and other payables	12,447	11,095
Income tax payable	211	538
Total current liabilities	12,658	11,633
Total liabilities	12,658	11,633
Total equity and liabilities	203,340	192,010
Net assets per share (RM)	0.10	0.09

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

SINOTOP HOLDINGS BERHAD CO. NO. 114842-H

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non distributable ----- >				Distributable Unappropriated Profits RM '000	Total Equity RM '000
	Share Capital	Reverse take-over reserve	Statutory reserve	Foreign currency translation reserves		
	RM '000	RM '000	RM '000	RM '000		
Balance at 1/1/2014	394,899	(328,124)	14,718	17,887	80,997	180,377
Total comprehensive income for the financial year	-	-	-	7,556	2,749	10,305
Transfer to statutory reserve	-	-	343	-	(343)	-
Balance at 31/12/2014 (Unaudited)	394,899	(328,124)	15,061	25,443	83,403	190,682

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/12/2014 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2013 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	4,087	3,574
Adjustments for :-		
Depreciation	5,941	6,051
Amortisation of land use right	148	144
Allowance for impairment losses in trade receivables	825	897
Unrealised loss on foreign exchange	-	712
Write-back of allowance for impairment losses on trade receivables	(398)	(1,470)
Non-operating items		
- interest expenses	-	186
- interest income	(194)	(128)
Changes in working capital		
- Inventories	(2,903)	(1,986)
- Trade receivables and other receivables	(6,811)	(7,123)
- Trade and other payables	1,352	(2,165)
Cash generated from operations	<u>2,047</u>	<u>(1,308)</u>
Interest paid on borrowing	-	(186)
Tax paid	(1,665)	(1,536)
Net cash generated from operating activities	<u>382</u>	<u>(3,030)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(566)	(2,191)
Interest received	194	128
Proceeds from disposal of property, plant and equipment	-	12
Refund of other investment	-	6,605
Net cash used in investing activities	<u>(372)</u>	<u>4,554</u>
FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank loans	-	(15,490)
Net cash generated from financing activities	<u>-</u>	<u>(15,490)</u>
Decrease in cash and cash equivalents	10	(13,966)
Foreign exchange translation differences	1,297	2,666
Cash and cash equivalents at beginning of the year	19,559	30,859
Cash and cash equivalents at end of the period	<u>20,866</u>	<u>19,559</u>

Note :

() Denotes cash outflow

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



SINOTOP HOLDINGS BERHAD (114842-H)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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 2013.

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 2013.

A2. SIGNIFICANT ACCOUNTING POLICIES

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There was no financial impact on the financial statement of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and there was no financial impact on the financial statements of the Group upon its initial application.



SINOTOP HOLDINGS BERHAD (114842-H)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There was no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	} To be announced by MASB
MFRS 9 (2010) Financial Instruments	
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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



SINOTOP HOLDINGS BERHAD (114842-H)

A3. AUDITORS' REPORT

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

A4. SEASONAL OR CYCLICAL FACTORS

The Group's sales of fabric products are subject to seasonality effect by virtue of fabrics being a primary input material of fashion and some household products. The 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.

Exchange rates fluctuation and the generally higher production costs (primarily contributed by higher wages and utilities costs) do impact the Group's financial performance. Consumer sentiment is another important factor that impacts the Group's earnings, given their spending pattern differs at different stages in the economic cycle, which will affect the demand for fashion products and consequently the demand over the Group's fabric products.

Nonetheless, being a relatively established player in the fabric manufacturing industry, the Group is able to ride on its competitive advantages 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 2014.



SINOTOP HOLDINGS BERHAD (114842-H)

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 Months	
	Current Quarter Ended 31/12/2014 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2013 RM'000	Current Year To Date Ended 31/12/2014 RM'000	Preceding Year Corresponding Period Ended 31/12/2013 RM'000
Revenue				
Domestic Sales	38,019	42,270	134,076	135,351
Overseas Sales	4,699	8,782	25,765	37,007
Total	42,718	51,052	159,841	172,358

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	2,537



SINOTOP HOLDINGS BERHAD (114842-H)

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 31/12/2014	As at Financial Year Ended 31/12/2013
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.5312	0.5163
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.5637	0.5422

A16. SIGNIFICANT RELATED PARTY TRANSACTION

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



SINOTOP HOLDINGS BERHAD (114842-H)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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 2014, the Group recorded revenue of RM42.7 million, generated from the manufacturing and sales of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn.

Sales revenue decreased by RM8.33 million compared to the corresponding quarter in the preceding financial year. Export sales decreased by approximately RM4.08 million in the current quarter compared to the corresponding quarter in the previous financial year. Nonetheless, the fluctuation in the export sales revenue observed above however does not indicate any significant change in the sales and marketing direction of the Group.

The lower export sales revenue registered in the current quarter compared to the preceding year corresponding quarter is due mainly to more significant seasonality factor in the normal course of business. Both domestic and export sales segments face various challenges in the current operating environment compared to previous years when economy was much better worldwide.

PROFIT AFTER TAXATION

The Group recorded profit after taxation of RM0.945 million for the current quarter.

Profit after taxation increased by RM1.393 million in the current year quarter compared to loss after taxation of RM0.448 million registered in the corresponding quarter for the financial year ended 31 December 2013. This is due to reduction in tax expense as well as finance costs (interest expense) after the Group had fully repaid its bank borrowings during the first quarter of the previous financial year.

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

The Group registered a profit before taxation of RM1.183 million in the current quarter compared to loss before tax of RM0.339 million recorded in the immediate preceding quarter. The increase of RM1.522 million in profit before taxation registered in the current quarter compared to the immediate preceding quarter was due to lower allowances for impairment losses on trade receivables being made after higher collection of trade receivables and the realization of foreign exchange gain.

B3. PROSPECTS

The Group will continue to strive for improvement in productivity, to counter challenges posed by the 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 the development of China gross domestic product growth in the coming years, economic policies, coupled with higher manufacturing overheads, especially wages and utilities, are still affecting the Group's financial performance, particularly when the Group is operating in the fast-moving consumer goods segment which its demand is largely dependent on trend and fashion.

This year, the China government is going to impose more stringent requirements on the back of environment preservation. As a result, the Group anticipates higher fuel costs resulted from the compulsory switch from coal to liquefied natural gas used in its production process.



SINOTOP HOLDINGS BERHAD (114842-H)

Nonetheless, Executive Directors of the Group will definitely be working out alternatives to source cheaper natural gas supplies in order to mitigate the impact of costs on the Group's earnings.

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 2014.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended 31/12/2014 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2013 RM'000	Current Year To Date Ended 31/12/2014 RM'000	Preceding Financial Year Ended 31/12/2013 RM'000
Tax on profit for the year	238	521	1,338	1,506

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. BORROWINGS
The Group has fully repaid its bank borrowings in the financial year ended 31 December 2013. As such, the Group did not have any outstanding bank borrowings as at 31 December 2014.

B7. OFF BALANCE SHEET FINANCIAL INSTRUMENTS
There are no off balance sheet financial instruments as at the date of this announcement.

B8. CHANGES IN MATERIAL LITIGATION
The Group does not have any material litigation.

B9. PROPOSED DIVIDEND
The Board does not recommend the payment of any dividend for the financial period ended 31 December 2014.



SINOTOP HOLDINGS BERHAD (114842-H)

B10. EARNINGS PER SHARE

	Current year quarter ended 31/12/2014 RM '000	Preceding financial year ended 31/12/2013 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	945	2,068
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic earnings per share (sen)	0.05	0.10

b) Diluted earnings per share

The Company does not have any diluted earnings per share.

B11. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2014, into realised and unrealised profits is as follows:-

	As at Quarter Ended 31/12/2014 RM '000	As at Financial Year Ended 31/12/2013 RM '000
- Realised	(146,245)	(148,651)
- Unrealised	-	-
Less: Consolidation adjustments	229,648	229,648
Total retained earnings as per condensed consolidated statement of changes in equity	83,403	80,997

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.



SINOTOP HOLDINGS BERHAD (114842-H)

B12. PROFIT BEFORE TAXATION

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

	Current Year Quarter Ended 31/12/2014 RM'000	Cumulative Quarters Ended 31/12/2013 RM'000
Amortisation of land use rights	148	144
Depreciation of property, plant and equipment	5,941	6,051
Interest expense	-	186
Interest income	(194)	(128)
Writeback of allowance for impairment losses on trade receivables	(398)	(1,470)
Allowance for impairment losses on trade receivables	825	897