



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 30 DECEMBER 2016

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 2016

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

	3 MONTHS		CUMULATIVE 12 MONTHS	
	CURRENT YEAR QUARTER ENDED 31/12/2016 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2015 RM'000 (Audited)	CURRENT YEAR TO DATE ENDED 31/12/2016 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2015 RM'000 (Audited)
Revenue	52,181	57,535	172,144	185,629
Operating expenses	(52,330)	(57,659)	(171,502)	(184,672)
Other operating income	2,621	1,732	4,733	3,053
Profit from operations	2,472	1,608	5,375	4,010
Finance costs	294	-	-	-
	2,766	1,608	5,375	4,010
Share of loss in a joint venture	(357)	-	(1,113)	-
Profit before taxation	2,409	1,608	4,262	4,010
Taxation	(1,461)	(815)	(2,231)	(1,927)
Profit after taxation for the financial period	948	793	2,031	2,083
Other comprehensive income <i>Items that May be Reclassified Subsequently to Profit or Loss</i>				
Foreign currency translation differences	8,601	(13,574)	(5,371)	34,036
Total comprehensive income for the period	9,549	(12,781)	(3,340)	36,119
Profit attributable to:				
Equity holders of the parent	948	793	2,031	2,083
Minority interest	-	-	-	-
	948	793	2,031	2,083
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	9,549	(12,781)	(3,340)	36,119
Minority interest	-	-	-	-
	9,549	(12,781)	(3,340)	36,119
Earnings per share (sen) :				
- Basic	0.05	0.04	0.10	0.11
- 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 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2016 RM'000 UNAUDITED	AS AT 31/12/2015 RM'000 AUDITED
ASSETS		
Non-current assets		
Investment in a joint venture	4,655	4,297
Property, Plant and Equipment	43,172	50,215
Investment Property	5,810	4,462
Land use rights	7,018	7,370
Other Investments	14,884	15,241
	75,539	81,585
Current Assets		
Land use rights	179	184
Inventories	16,817	19,143
Trade and other receivables	71,191	82,238
Cash and cash equivalents	70,724	55,115
Tax Recoverable	-	30
	158,911	156,710
Total assets	234,450	238,295
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	394,899	394,899
Statutory reserve	15,644	15,386
Foreign currency translation reserve	54,108	59,479
Retained profits	(241,190)	(242,963)
Total equity	223,461	226,801
Current Liabilities		
Trade and other payables	10,156	10,684
Income tax payable	833	810
Total current liabilities	10,989	11,494
Total liabilities	10,989	11,494
Total equity and liabilities	234,450	238,295
Net assets per share (RM)	0.11	0.11

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 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Non distributable ----->				Distributable Unappropriated Profits RM '000	Total Equity RM '000
	< ----- Share Capital RM '000	Reverse Acquisition Reserve RM '000	Statutory Reserve RM '000	Foreign Currency Translation Reserve RM '000		
Balance at 31 December 2015						
- As reported previously	394,899		15,386	59,479	85,161	226,801
- Effect of change in an accounting policy (Note A17)	-	(328,124) 328,124	-	-	(328,124)	-
As restated / Balance at 1 January 2016	394,899	-	15,386	59,479	(242,963)	226,801
Total comprehensive income for the financial year	-	-	-	(5,371)	2,031	(3,340)
Transfer to statutory reserve	-	-	258	-	(258)	-
Balance at 31/12/2016 (Unaudited)	394,899	-	15,644	54,108	(241,190)	223,461

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/12/2016	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2015
	RM'000 UNAUDITED	RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	4,262	4,010
Adjustments for :-		
Depreciation	6,153	6,965
Amortisation of land use right	173	174
Allowance for impairment losses in trade receivables	920	2,401
Unrealised loss on foreign exchange	270	809
Loss on disposal of plant and equipment	-	267
Property, plant and machinery written off	-	48
Write-back of allowance for impairment losses on trade receivables	(1,898)	(1,017)
Bad debt written off	-	16
Non-operating items	(1,744)	(846)
Changes in working capital		
- interest income	2,326	1,832
- Inventories	11,047	23,176
- Trade receivables and other receivables	(528)	(3,491)
- Trade and other payables		
Cash from operations	20,981	34,344
Tax (paid)/recovered	(2,208)	(1,394)
Net cash generated from operating activities	18,773	32,950
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(241)	(937)
Purchase of investment in a joint venture	(1,543)	(4,067)
Interest received	1,744	846
Proceeds from disposal of property, plant and equipment	-	281
Net cash used in investing activities	(40)	(3,877)
Increase in cash and cash equivalents	18,733	29,073
Foreign exchange translation differences	(3,124)	5,176
Cash and cash equivalents at beginning of the year	55,115	20,866
Cash and cash equivalents at end of the period	70,724	55,115

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 2016

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 2015. 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 2015.

In addition, the Group has changed its accounting policy on reverse acquisition reserve during the second quarter of the current financial year. In the previous financial years, the reverse acquisition reserve represents the difference between the nominal value of Be Top Group Limited and the Company and the par value of the enlarged issued and paid-up share capital of the Company after the asset injection. The accounting treatment on the reverse acquisition reserve has now been changed by adjusting against suitable reserve of the accounting acquiree to the extent that laws or statutes do not prohibit the use of such reserve. The Board of Directors is of the opinion that this voluntary change in accounting policy provides a more relevant and fairer presentation of the financial position of the Group. The change in the accounting policy had been applied retrospectively and its financial effects to the financial statements of the Group are disclosed in Note A17 below.

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)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 127 : Equity Method in Separate Financial Statements

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Amendments to MFRSs : Annual Improvements to MFRSs 2012 – 2014 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) 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 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Defer until further notice

The above accounting standards and/or interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

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 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. Economic outlook inevitably will also has a significant impact on the demand of fabric finished products, and hence on the demand of fabrics. Generally, barring any unforeseen circumstances, the Group experiences slower sales typically in mid and end of a year (ie, towards end of December and in the months of May and June).

Exchange rates fluctuation and the generally higher production costs (primarily arisen from higher wages, costs relating to compliance to environmental protection rules 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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

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 2016.

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	Preceding Year	Current Year	Preceding Year
	Ended	Corresponding	To Date	Corresponding
	31/12/2016	Quarter Ended	Ended	Period Ended
	RM'000	31/12/2015	31/12/2016	31/12/2015
		RM'000	RM'000	RM'000
Revenue				
Domestic Sales	46,125	52,218	155,104	170,014
Overseas Sales	6,056	5,317	17,040	15,615
Total	52,181	57,535	172,144	185,629

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 was no material event 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.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review, except as follows:

On 19 August 2016, the Company has acquired 100% of the issued and paid-up share capital of a company, namely Gorgeous Goldhill Sdn Bhd ("GGSB"), with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. As a result, GGSB became a wholly-owned direct subsidiary of the Company.

Subsequent to the acquisition, the Company had on 29 August 2016, subscribed for an additional 9,998 shares for RM1.00 each at par in GGSB. Following the share subscription, the issued and paid-up share capital of GGSB has been increased from RM2.00 to RM10,000.00. The Company remains its 100% equity interest in GGSB.

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

There was no capital commitment as at the financial period ended 31 December 2016.

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 31/12/2016	As at Financial Year Ended 31/12/2015
Condensed consolidated statement of comprehensive income		
Based on average rates for the financial period/year RMB1.00 to RM	0.6223	0.6257
Condensed consolidated statement of financial position		
Based on closing rates for the financial period/year RMB1.00 to RM	0.6455	0.6610

A16. SIGNIFICANT RELATED PARTY TRANSACTION

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

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A17. EFFECTS OF CHANGE IN AN ACCOUNTING POLICY

The financial effects on the voluntary change in an accounting policy as disclosed in Note A1 are summarised below:-

	As Reported Previously RM'000	As Restated RM'000
Consolidated Statement of Financial Position (Extract):-		
(a) At 1 January 2015 :		
Retained Profits /(Accumulated Losses)	83,403	(244,721)
Reverse Acquisition Reserve	(328,124)	-
	<hr/>	<hr/>
(b) At 31 December 2015 :		
Retained Profits /(Accumulated Losses)	85,161	(242,963)
Reverse Acquisition Reserve	(328,124)	-
	<hr/>	<hr/>

During the current financial year, the above prior year adjustment was made in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, certain comparatives have been restated as set out above.

The prior year adjustments relate to the change in accounting policy where the reverse acquisition reserve to be adjusted against suitable reserve of the accounting acquiree to the extent that laws or statutes do not prohibit the use of such reserve.

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

Total sales revenue decreased by RM5.35 million compared to the corresponding quarter in the preceding financial year. The effect of sluggish economy has taken its toll on the Group's sales revenue in a greater impact, particularly in the domestic sales segment. Fluctuations observed in either of the market segments (domestic & export) do not indicate any significant change in the sales and marketing direction of the Group. Instead, analysis of the Group's sales revenue in totality would be more appropriate in assessing its financial performance.

PROFIT AFTER TAXATION

The Group recorded a profit after taxation ("PAT") of RM948,000 for the current quarter compared to RM793,000 registered in the corresponding quarter for the preceding financial year, generated from its core business of manufacturing and sale of fabrics and its share of results of Suzhou Han Ling Packaging Co. Ltd ("Suzhou Han Ling"), the Group's joint venture company. The slight increase of PAT is due mainly to a write-back of provision for impairment losses on trade receivables.

Prices of major raw materials (yarns made from different types of fibre) have been on the rise due to escalated costs being passed down from suppliers.

The Group commenced to recognise its share of loss in Suzhou Han Ling, commencing in the current financial year. The joint venture is currently at its first year of commencement of business operations. After taking into account of the Group's share of loss, amounting to RM357,000, the Group reported a PAT of RM948,000 in current year quarter ended 31 December 2016.

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

The Group registered profit before taxation ("PBT") of RM2.41 million in the current quarter compared to RM1.51 million recorded in the immediate preceding quarter, from its main business operations as well as its share of results of a joint venture, Suzhou Han Ling. The increase recorded in the current quarter is RM0.90 million.

The reason for increase in the PBT is primarily due to the recovery of trade receivables which provision for impairment losses were made previously.

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 energy and electricity 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 demand is largely dependent on trend and fashion.

The China government is going to impose more stringent requirements on the back of environment protection concern. Moving forward, the Group anticipates higher fuel costs resulted from the compulsory switch from coal to liquefied natural gas used in its production process.

The Group had on 21 October 2016 announced that it proposed to undertake a diversification of its existing core business, namely the production of fabric, to include project management and infrastructure construction related businesses ("Proposed Diversification"). The Board is of the view that the Proposed Diversification is expected to bring in an additional revenue source and enhance its profits, instead of depending solely on its existing production of fabric business which is facing limited profitability growth as indicated by stagnant profit recorded in recent years. The required approval from shareholders had been obtained in an extraordinary general meeting held on 15 December 2016.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (CONT'D)

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

The Group has not provided any profit forecast or profit guarantee during the quarter ended 31 December 2016.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date Ended	Preceding Financial Year Ended
	Ended 31/12/2016 RM'000	Ended 31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Tax on profit for the year	1,461	815	2,231	1,927

The tax on profit for the current year is in respect of the Group's subsidiaries, namely Top Textile (Suzhou) Co. Ltd which is based in China and principally engaged in the production of customised woven loom-state fabrics made from cotton, synthetic and mixed yarn, as well as Gorgeous Goldhill Sdn Bhd, a newly-acquired subsidiary based in Malaysia, whose principal business activity is the provision of project management services.

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

- (a) the corporate 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
- (c) the holding company ("Company") is in a tax loss position, nevertheless, the statutory tax rate of the Company is at 24%, effective from the year of assessment 2016.

B6. CORPORATE PROPOSAL

Save for the following, there is no other corporate proposal announced but pending completion as at the date of this report.

On 21 October 2016, the Board of Directors of the Company ("Board"), via Astramina Advisory Sdn Bhd and RHB Investment Bank Berhad ("Joint Advisers") had announced that the Company proposes to undertake the following:-

- (i) Proposed capital reduction of the existing ordinary shares of Sinotop Holdings Berhad ("Sinotop") pursuant to section 64 of the Companies Act, 1965 involving the cancellation of RM0.14 of the par value of each existing ordinary share of RM0.20 each in Sinotop ("Proposed Capital Reduction and Repayment");
- (ii) Proposed share consolidation of every five (5) ordinary shares of RM0.06 each in Sinotop (after the completion of the Proposed Capital Reduction and Repayment) into one (1) new ordinary share of RM0.30 each in Sinotop ("Proposed Share Consolidation"); and
- (iii) Proposed diversification of the existing core business of Sinotop and its subsidiaries to include project management and infrastructure construction related businesses ("Proposed Diversification").

(The Proposed Capital Reduction and Repayment, Proposed Share Consolidation and Proposed Diversification are collectively referred to as the "Proposals")

PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (CONT'D)

B6. CORPORATE PROPOSAL (CONT'D)

On 16 November 2016, the Joint Advisers, on behalf of the Board, announced that Bursa Malaysia Securities Berhad had, vide its letter dated 15 November 2016 ("Bursa Letter"), resolved to approve the Proposed Share Consolidation, subject to the conditions as set out in the Bursa Letter.

An extraordinary general meeting ("EGM") of the Company in relation to the Proposals was held on 15 December 2016. All resolutions tabled at the EGM were duly passed by shareholders of the Company by way of poll voting. Accordingly, the Company had on 16 December 2016 filed a petition to the High Court of Malaya confirming the Proposed Capital Reduction and Repayment pursuant to Section 64 of the Companies Act, 1965.

At 14 February 2017, the High Court of Malaya at Kuala Lumpur granted an order for the Proposed Capital Reduction and Repayment ("Order"). The effective date for the Proposed Capital Reduction and Repayment will be the date the sealed copy of the Order is lodged with the Registrar of Companies.

B7. BORROWINGS

There was no outstanding borrowing as at 31 December 2016.

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 period ended 31 December 2016.

B11. EARNINGS PER SHARE

	Current year quarter ended 31/12/2016 RM '000	Preceding financial year ended 31/12/2015 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	2,031	2,083
Weighted average number of ordinary shares (‘000)	1,974,496	1,974,496
Basic earnings per share (sen)	0.10	0.11
b) Diluted earnings per share		
The Company does not have any diluted earnings per share.		

PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (CONT'D)

B12. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2016, into realised and unrealised profits is as follows:-

	As at Quarter Ended 31/12/2016 RM '000	As at Financial Year Ended 31/12/2015 RM '000
- Realised	(240,920)	(471,802)
- Unrealised	(270)	(809)
Less: Consolidation adjustments	-	229,648
Total retained earnings as per condensed consolidated statement of changes in equity	(241,190)	(242,963)

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 31/12/2016 RM'000	Cumulative Quarters Ended 31/12/2015 RM'000
Amortisation of land use rights	173	174
Depreciation of property, plant and equipment	6,153	5,275
Interest income	(1,744)	(846)
Writeback of allowance for impairment losses on trade receivables	(1,898)	(377)
Allowance for impairment losses on trade receivables	920	2,401
Loss on disposal of plant and equipment	-	267
Unrealised loss on foreign exchange	270	809