

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

The Board of Directors of Top Form International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2012

		For the six months ended	
		31 December	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	3	547,759	570,880
Cost of sales		<u>(458,140)</u>	<u>(477,134)</u>
Gross profit		89,619	93,746
Other income and gains		8,427	3,227
Selling and distribution expenses		(17,196)	(18,953)
General and administrative expenses		(83,601)	(87,147)
Finance costs		<u>(93)</u>	<u>(7)</u>
Loss before taxation	4	(2,844)	(9,134)
Income tax expense	5	<u>(459)</u>	<u>(554)</u>
Loss for the period		<u><u>(3,303)</u></u>	<u><u>(9,688)</u></u>

* For identification purpose only

		For the six months ended	
		31 December	
		2012	2011
		(Unaudited)	(Unaudited)
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the period attributable to:			
	Owners of the Company	(3,350)	(10,138)
	Non-controlling interests	<u>47</u>	<u>450</u>
		<u>(3,303)</u>	<u>(9,688)</u>
Loss per share	7		
Basic		<u>0.3 cents</u>	<u>0.9 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2012

	For the six months ended	
	31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period	<u>(3,303)</u>	<u>(9,688)</u>
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>2,903</u>	<u>(3,315)</u>
Total comprehensive expense for the period	<u>(400)</u>	<u>(13,003)</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	(532)	(13,702)
Non-controlling interests	<u>132</u>	<u>699</u>
	<u>(400)</u>	<u>(13,003)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

		At 31 December 2012 (Unaudited) <i>HK\$'000</i>	At 30 June 2012 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		144,197	153,654
Prepaid lease payments		1,696	1,719
Investment properties		50,241	49,294
Prepaid rental payments		4,569	5,008
Interest in an associate		–	–
Deferred tax assets		4,264	4,422
		<u>204,967</u>	<u>214,097</u>
Current assets			
Inventories		182,430	170,253
Debtors and other receivables	8	145,795	116,572
Bills receivable	9	12,109	30,960
Prepaid lease payments		48	48
Tax recoverable		2,327	4,224
Bank balances and cash		121,793	145,665
		<u>464,502</u>	<u>467,722</u>
Current liabilities			
Creditors and accrued charges	10	134,854	145,683
Taxation		1,770	2,242
Bank borrowings and other liabilities – due within one year		337	–
		<u>136,961</u>	<u>147,925</u>
Net current assets		<u>327,541</u>	<u>319,797</u>
Total assets less current liabilities		<u>532,508</u>	<u>533,894</u>

	At 31 December 2012 (Unaudited) <i>HK\$'000</i>	At 30 June 2012 (Audited) <i>HK\$'000</i>
Non-current liabilities		
Retirement benefit obligations	3,033	3,033
Deferred tax liabilities	14,628	15,614
	<u>17,661</u>	<u>18,647</u>
Net assets	<u>514,847</u>	<u>515,247</u>
Capital and reserves		
Share capital	107,519	107,519
Reserves	389,775	390,307
	<u>497,294</u>	<u>497,826</u>
Equity attributable to owners of the Company	17,553	17,421
Non-controlling interests	<u>514,847</u>	<u>515,247</u>
Total equity	<u>514,847</u>	<u>515,247</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 31 December 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7	Financial Instruments in Disclosures – Transfer to Financial Assets
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The director of the Company anticipate that the application of the other amendments to HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group's executive directors, being the Group's chief operating decision makers, review the operations on a plant by plant basis. No discrete financial information is available for each plant and the Group's executive directors review financial information on a consolidated basis. The Group has therefore only one operating segment, namely manufacturing and sale of ladies' intimate apparel, for the six months ended 31 December 2012 and 31 December 2011.

The accounting policies of the financial information reviewed by executive directors are the same as the Group's accounting policies. Segment revenue is the consolidated revenue of the Group. Segment loss is the consolidated loss after tax.

All the Group's segment assets and liabilities are under the manufacturing business as at 31 December 2012 and 30 June 2012.

4. LOSS BEFORE TAXATION

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	15,220	14,329
Amortisation of prepaid lease payments	24	24
Loss on disposal of property, plant and equipment	72	61
Exchange (gain) loss, net	(2,201)	3,532
Interest income	(713)	(613)
	<u>15,220</u>	<u>14,329</u>

5. INCOME TAX EXPENSE

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	544	1,156
Other jurisdictions	743	1,732
	<u>1,287</u>	<u>2,888</u>
Deferred tax:		
Credit for the period	(828)	(2,334)
	<u>459</u>	<u>554</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group has recognised deferred tax assets in relation to the unused tax losses of subsidiaries and deferred tax liabilities in relation to accelerated tax depreciation and unrealised loss on inventory.

6. DIVIDENDS

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2012 final dividend paid:		
HK\$ nil per share		
(2011: 2011 final dividend of HK\$0.025 per share) on		
1,075,188,125 shares	<u> -</u>	<u> 26,880</u>
Dividend declared:		
Interim dividend (<i>Note</i>)	<u> -</u>	<u> 10,752</u>

Note: No interim dividend has been proposed since the end of the interim reporting period (2011: HK\$0.01 per share).

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended 31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	<u>(3,350)</u>	<u>(10,138)</u>
	Number of shares	
Number of ordinary shares for the purpose of basic loss per share	<u>1,075,188,125</u>	<u>1,075,188,125</u>

No diluted loss per share has been presented because there are no potential ordinary shares outstanding for both periods.

8. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK\$123,398,000 (at 30 June 2012: HK\$99,596,000). The Group allows an average credit period of 30 days to its trade customers.

An aged analysis of trade debtors at the end of the reporting period is as follows:

	At 31 December 2012	At 30 June 2012
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Current	99,702	82,480
1 – 30 days	19,923	14,255
31 – 60 days	2,915	1,976
Over 60 days	<u>858</u>	<u>885</u>
	<u>123,398</u>	<u>99,596</u>

9. BILLS RECEIVABLE

As at 31 December 2012 and 30 June 2012, all bills receivable are aged within 30 days. The Group does not hold any collateral over these balances.

10. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK\$53,353,000 (at 30 June 2012: HK\$59,181,000).

An aged analysis of trade creditors at the end of the reporting period is as follows:

	At 31 December	At 30 June
	2012	2012
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	40,604	50,147
1 – 30 days	10,220	5,656
31 – 60 days	1,081	1,585
Over 60 days	1,448	1,793
	<hr/>	<hr/>
	53,353	59,181
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2012, the Group recorded a loss after taxation of HK\$3.3 million compared with a loss of HK\$9.7 million in the corresponding period last year.

During the period, in monetary terms, 48% of our sales were to the US market whilst sales to the EU represented 27% and the rest of the world accounted for 25%. The markets continued to be challenging and price sensitive.

Unit sales for the current period were 15.1 million units compared to 16.6 million in the first half of the last fiscal year.

China accounted for 57% of our global capacity, regional Thailand 38% and Cambodia 5%.

Gross margin improved from 13% in the second half of fiscal 2012 to 16% for the current period. The closure of the manufacturing operations in our Shenzhen plant during the first quarter of the fiscal year had a positive effect on the cost efficiency of our PRC operations in aggregate. The operational issues in Thailand, which negatively impacted our performance in the 2012 fiscal year, have been satisfactorily addressed. Since 1 April 2012, the daily minimum wage in Thailand has increased by 40%. This increase in labor costs has had a negative impact to our gross margin for the current period. However, the productivity of our Thailand plants has been rebuilt satisfactorily during the second quarter of the fiscal year. The gross margin for the current period has remained at 16% as compared with the corresponding period last year.

The expansion of our new Cambodian plant, which currently contributed some 5% of our global capacity, is ongoing. It is expected that when fully operational, it will represent 15% of our global capacity at a reasonable cost.

Corporate expenditure for the period amounted to HK\$7.4 million compared to HK\$7.2 million in the corresponding period last year and capital expenditure was HK\$3.9 million.

The financial position of the Group remains healthy with shareholders' funds standing at HK\$497 million as at 31 December 2012. Credit facilities available to the Group amounted to HK\$150 million.

Your Board, having taken into account the current business climate, our cash position and reinvestment needs, has resolved not to pay an interim dividend. An interim dividend of HK\$0.01 per share was paid last year.

We do not see any significant changes in our markets in the near future. We will continue to focus on the less price sensitive business.

The increases in the minimum wage in Thailand and anticipated increases in the PRC will inevitably impact our manufacturing operations. To mitigate the cost pressure our focus is on improving efficiency in all locations, continuing the build up of productivity in our Cambodian plant and maintaining rigorous cost controls in all areas of the Group's business.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 31 December 2012.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: HK\$0.01 per share).

AUDIT COMMITTEE

The Audit Committee comprises Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, all of whom are Independent Non-executive Directors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

The Company's unaudited interim financial report for the six months ended 31 December 2012 has been reviewed by the Audit Committee and Messrs. Deloitte Touche Tohmatsu, auditor of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2012, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except for the following deviations:

Code Provisions A.4.1 and A.4.2

Code Provision A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the Company's Bye-laws.

Code Provision A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office provided that notwithstanding anything herein, the Chairman and the Group Managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. In the opinion of the Board, it is important for the stability and growth of the Company that there is, and is seen to be, continuity of leadership in the roles of Chairman and Group Managing Director and, in consequence, the Board is of the view that both should not be subject to retirement by rotation or hold office for a limited term at the present time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Based on specific enquiry of all its Directors, the Company considers that the Directors complied with the required standards set out in the Model Code throughout the period under review.

Employees who are likely to be in possession of unpublished inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

EMPLOYEES

As at 31 December 2012, the Group had employed approximately 7,140 employees (30 June 2012: approximately 7,847 employees). The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund contributions and a share option scheme to its employees.

On behalf of the Board
Top Form International Limited
Fung Wai Yiu
Chairman

Hong Kong, 22 February 2013

As at the date of this announcement, the Board comprises Mr. Fung Wai Yiu, Mr. Wong Chung Chong, Eddie, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin as executive directors; Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive directors; and Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive directors.