



TOP FORM

INTERNATIONAL LIMITED

STOCK CODE : 333

Interim Report 2011



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2010

		For the six months ended	
		31 December	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue		748,583	633,208
Cost of sales		(591,302)	(495,577)
Gross profit		157,281	137,631
Other income and gains		9,894	2,741
Selling and distribution expenses		(11,838)	(14,822)
General and administrative expenses		(86,041)	(82,881)
Other expenses	4	(7,421)	–
Finance costs		(12)	(15)
Profit before taxation	5	61,863	42,654
Income tax expense	6	(11,824)	(8,814)
Profit for the period		50,039	33,840
Profit for the period attributable to:			
Owners of the Company		47,001	30,825
Non-controlling interests		3,038	3,015
		50,039	33,840
Earnings per share	8		
Basic		4.4 cents	2.9 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>50,039</u>	<u>33,840</u>
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<u>1,584</u>	<u>(168)</u>
Total comprehensive income for the period	<u>51,623</u>	<u>33,672</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>47,911</u>	<u>30,549</u>
Non-controlling interests	<u>3,712</u>	<u>3,123</u>
	<u>51,623</u>	<u>33,672</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2010

		At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	142,004	139,224
Prepaid lease payments		1,791	1,815
Prepaid rental payments		7,304	7,410
Interest in an associate		–	–
Deferred tax assets		797	1,152
		<u>151,896</u>	<u>149,601</u>
Current assets			
Inventories		229,793	225,085
Debtors and other receivables	10	137,010	159,743
Bills receivable	11	24,367	29,676
Prepaid lease payments		48	48
Tax recoverable		–	9,366
Tax reserve certificates	6	–	77,920
Bank balances and cash		207,139	220,646
		<u>598,357</u>	<u>722,484</u>
Current liabilities			
Creditors and accrued charges	12	129,623	132,779
Taxation		14,465	149,267
Bank borrowings and other liabilities			
– due within one year	13	281	828
Obligations under finance leases			
– due within one year		72	131
		<u>144,441</u>	<u>283,005</u>
Net current assets		<u>453,916</u>	<u>439,479</u>
Total assets less current liabilities		<u>605,812</u>	<u>589,080</u>

	<i>Note</i>	At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
Non-current liabilities			
Obligations under finance leases			
– due after one year		–	11
Retirement benefit obligations		6,321	10,305
Deferred tax liabilities		3,830	4,216
		<u>10,151</u>	<u>14,532</u>
Net assets		<u>595,661</u>	<u>574,548</u>
Capital and reserves			
Share capital	<i>14</i>	107,519	107,519
Reserves		464,238	443,207
Equity attributable to owners of the Company		571,757	550,726
Non-controlling interests		23,904	23,822
Total equity		<u>595,661</u>	<u>574,548</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Attributable to owners of the Company						Non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000 (note)	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	HK\$'000	
At 1 July 2009 (audited)	107,519	1,499	233	7,139	14,315	415,073	545,778	17,072	562,850
Exchange difference arising on translation of overseas operations	-	-	-	-	(276)	-	(276)	108	(168)
Profit for the period	-	-	-	-	-	30,825	30,825	3,015	33,840
Total comprehensive income for the period	-	-	-	-	(276)	30,825	30,549	3,123	33,672
Dividends recognised as distribution (note 7)	-	-	-	-	-	(26,880)	(26,880)	(315)	(27,195)
At 31 December 2009 (unaudited)	107,519	1,499	233	7,139	14,039	419,018	549,447	19,880	569,327
Exchange difference arising on translation of overseas operations	-	-	-	-	1,409	-	1,409	96	1,505
Profit for the period	-	-	-	-	-	15,998	15,998	3,846	19,844
Total comprehensive income for the period	-	-	-	-	1,409	15,998	17,407	3,942	21,349
Dividend recognised as distribution (note 7)	-	-	-	-	-	(16,128)	(16,128)	-	(16,128)
At 30 June 2010 (audited)	107,519	1,499	233	7,139	15,448	418,888	550,726	23,822	574,548
Exchange difference arising on translation of overseas operations	-	-	-	-	910	-	910	674	1,584
Profit for the period	-	-	-	-	-	47,001	47,001	3,038	50,039
Total comprehensive income for the period	-	-	-	-	910	47,001	47,911	3,712	51,623
Dividends recognised as distribution (note 7)	-	-	-	-	-	(26,880)	(26,880)	(1,800)	(28,680)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(1,830)	(1,830)
At 31 December 2010 (unaudited)	107,519	1,499	233	7,139	16,358	439,009	571,757	23,904	595,661

Note: Special reserve represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of share capital of companies forming the Group, pursuant to the group reorganisation in 1991.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010

	For the six months ended 31 December	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash generated from (used in) operating activities	<u>32,621</u>	<u>(73,510)</u>
Net cash used in investing activities:		
Purchase of property, plant and equipment	(15,145)	(9,747)
Proceeds from disposal of property, plant and equipment	460	72
Interest income	<u>369</u>	<u>261</u>
	<u>(14,316)</u>	<u>(9,414)</u>
Net cash used in financing activities:		
Dividend paid	(26,880)	(26,880)
Repayment of bank borrowings	(6,121)	(5,640)
Acquisition of additional interest in a subsidiary	(1,830)	–
Dividend paid to non-controlling interests of a subsidiary	(1,800)	(315)
Repayment of obligations under finance leases	(91)	(66)
New borrowings raised	<u>5,571</u>	<u>5,415</u>
	<u>(31,151)</u>	<u>(27,486)</u>
Net decrease in cash and cash equivalents	(12,846)	(110,410)
Cash and cash equivalents at the beginning of the period	220,646	318,314
Effect of foreign exchange rate changes	<u>(661)</u>	<u>(421)</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>207,139</u></u>	<u><u>207,483</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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 "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA.

HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to amendments to HKAS 24 and HK(IFRIC) – Int 14
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised standards, amendments and interpretations has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated balance sheet. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 July 2010 based on information that existed at the inception of the leases and concluded all leasehold land classified as operating lease did not qualify for finance lease classification. Therefore, no adjustment is required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to amendments to HKAS 1, HKAS 27, HKFRS 1, HKFRS 3 and HKFRS 7 ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKFRS 9	Financial Instruments ³
HKAS 24 (as revised in 2009)	Related Party Disclosures ¹
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ¹

¹ Effective for annual periods beginning on or after 1 January 2011.

² Effective for annual periods beginning on or after 1 January 2012.

³ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 30 June 2014 and that the application of the new Standard may not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 2010 and 31 December 2009.

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 profit is the consolidated profit after tax.

All the Group's segment assets and liabilities are under the manufacturing business as at 31 December 2010 and 30 June 2010.

4. OTHER EXPENSES

During the current period, a decision was made to cease manufacturing operations in the plant in the Republic of the Philippines resulting in severance payments and other costs amounting to approximately HK\$7,421,000 being recognised in the condensed consolidated income statement during the six months ended 31 December 2010. The nature of the expense was as follows:

	For the six months ended 31 December 2010 (Unaudited) HK\$'000
Severance payments to employees	10,478
Reversal of retirement benefit obligations previously recognised	(4,168)
Impairment losses recognised in respect of property, plant and equipment	59
Other costs	1,052
	<hr/>
	7,421
	<hr/> <hr/>

5. PROFIT BEFORE TAXATION

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	14,379	14,191
Amortisation of prepaid lease payments	24	54
(Gain) loss on disposal of property, plant and equipment	(301)	6
Severance payments and other costs (<i>Note</i>)	7,421	6,233
Exchange (gain) loss, net	(7,363)	604
Interest income	(369)	(261)
	<u> </u>	<u> </u>

Note: Details of the severance payments and other costs for the current period have been set out in note 4.

For the six months ended 31 December 2009, the Group has transferred the manufacturing operations of a plant located in the vicinity of Bangkok to a regional facility incurring severance payments and other costs amounting to approximately HK\$6,233,000 as an expense in the condensed consolidated income statement.

6. INCOME TAX EXPENSE

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	8,646	5,582
Other jurisdictions	3,210	3,413
	<u>11,856</u>	<u>8,995</u>
Deferred tax:		
Credit for the period	<u>(32)</u>	<u>(181)</u>
	<u>11,824</u>	<u>8,814</u>

Hong Kong Profits Tax rate used is 16.5% for the six months ended 31 December 2010 (six months ended 31 December 2009: 16.5%).

During the years ended 30 June 2008, 2009 and 2010, certain subsidiaries of the Company were subject to tax audit raised by the Hong Kong Inland Revenue Department (the "IRD") for the years of assessment from 2001/02 to 2009/10. The IRD requested information and documents relating to certain subsidiaries of the Group for the purpose of the tax audit.

As at 30 June 2010, the IRD had issued notices of estimated assessment demanding final tax on certain subsidiaries for the years of assessment from 2002/03 to 2007/08. As at 30 June 2010, tax reserve certificates amounting to HK\$77,920,000 relating to these estimated assessments were purchased.

Before the issuance of the last annual report dated 17 September 2010 of the Group for the year ended 30 June 2010, the Group reached a settlement with the IRD at a sum of HK\$136,431,000, inclusive of HK\$21,000,000 as a compound penalty, as a full and final settlement of the whole case for all of the relevant years of assessment. As a result, additional income tax of HK\$16,037,000 for the relevant years of assessment had been provided for the year ended 30 June 2010. During the current period, tax reserve certificates amounting to HK\$77,920,000 have been utilised to settle part of the income tax for the relevant years of assessment.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 20% for the six months ended 31 December 2010 (six months ended 31 December 2009: 20%) calculated at the rates prevailing in the relevant jurisdictions.

The Group has recognised deferred tax assets in relation to the unused tax losses of a subsidiary and deferred tax liabilities in relation to accelerated tax depreciation.

7. DIVIDENDS

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2010 final dividend paid: HK\$0.025 per share (2009: 2009 final dividend of HK\$0.025 per share) on 1,075,188,125 shares	26,880	26,880
Dividend declared:		
Interim dividend (<i>Note</i>)	16,128	16,128

Note: Subsequent to the end of the interim reporting period, an interim dividend of HK\$0.015 per share (six months ended 31 December 2009: HK\$0.015 per share) has been declared by the directors of the Company for the six months ended 31 December 2010.

8. EARNINGS PER SHARE

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

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	47,001	30,825
	Number of shares	
Number of ordinary shares for the purpose of basic earnings per share	1,075,188,125	1,075,188,125

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

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to HK\$15,145,000 (six months ended 31 December 2009: HK\$9,747,000).

10. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK\$110,719,000 (at 30 June 2010: HK\$135,749,000). The Group allows an average credit period of 30 days to its trade customers.

An aged analysis of trade debtors based on delivery date at the balance sheet date is as follows:

	At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
0 – 30 days	106,723	131,086
31 – 60 days	3,227	4,455
61 – 90 days	609	208
Over 90 days	160	–
	110,719	135,749

11. BILLS RECEIVABLE

As at 31 December 2010, all of the bills receivable is aged within 30 days (at 30 June 2010: HK\$27,270,000 aged within 30 days, HK\$2,399,000 aged within 31 to 60 days and HK\$7,000 aged within 61 to 90 days). The Group does not hold any collateral over these balances.

12. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK\$51,394,000 (at 30 June 2010: HK\$58,607,000).

An aged analysis of trade creditors at the balance sheet date is as follows:

	At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
Current	41,067	47,499
Less than 1 month past due	8,246	7,935
1 to 2 months past due	1,956	2,950
More than 2 months but less than 3 months past due	29	63
More than 3 months past due	96	160
	51,394	58,607

13. BANK BORROWINGS AND OTHER LIABILITIES

	At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
Bank borrowings – trust receipts and import loans	281	828
Less: Amount due within one year shown as current liabilities	(281)	(828)
Amount due after one year	<u>–</u>	<u>–</u>

14. SHARE CAPITAL

	31 December 2010 Number of shares	30 June 2010 Number of shares	31 December 2010 HK\$'000	30 June 2010 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning and end of the period/year	<u>1,500,000,000</u>	1,500,000,000	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning and end of the period/year	<u>1,075,188,125</u>	1,075,188,125	<u>107,519</u>	<u>107,519</u>

15. OPERATING LEASE COMMITMENTS

At 31 December 2010, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

	At 31 December 2010 (Unaudited) HK\$'000	At 30 June 2010 (Audited) HK\$'000
Within one year	11,614	12,757
In the second to fifth year inclusive	14,432	14,556
Over five years	12,127	9,072
	<u>38,173</u>	<u>36,385</u>

Leases are negotiated for lease terms of one to fifteen years with fixed rental over the terms of the relevant leases.

16. RELATED PARTY DISCLOSURE

- (a) During the period, the Group sold processed products of approximately HK\$29,646,000 (for the six months ended 31 December 2009: HK\$21,056,000) to a related company, Van de Velde N.V. ("VdV").

Mr. Herman Van de Velde, a non-executive director of the Company, is the controlling shareholder of VdV which held an effective interest of 25.66% in the Company as at 31 December 2010.

As at 31 December 2010, the balance of trade receivables from VdV amounted to approximately HK\$1,206,000 (at 30 June 2010: HK\$1,459,000) was included in debtors and other receivables.

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the period was as follows:

	For the six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other benefits	6,914	6,341
Retirement benefit scheme contributions	17	18
	<u>6,931</u>	<u>6,359</u>

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2010, the Group recorded an increase in both sales revenue and profit after taxation when compared with the corresponding period last year.

Sales revenues increased by 18%, from HK\$633.2 million to HK\$748.6 million, whilst profit attributable to the Group increased by 48%, from HK\$33.8 million to HK\$50.0 million. Earnings per share increased from 2.9 cents to 4.4 cents.

Gross manufacturing margin reduced from 22% to 21%.

During the period, in monetary terms, 65% of our sales were to the US market compared to 65% in the first half last year. The EU accounted for 20% (22% in the corresponding period last year) and the rest of the world 15% (13% in the same period last year).

Unit sales during the period were 23.5 million units compared to 20.2 million in the first half of last year.

China accounted for 49% of our global capacity, Thailand 37% and the Philippines 14%.

In furtherance of our ongoing strategy to migrate production to our most effective locations and to improve overall cost efficiency, on 23 December 2010, we ceased manufacturing operations in our Philippines plant. The lost capacity is being taken up by an expansion of production capacity in Thailand.

The financial position of the Group remains strong with shareholders' funds standing at HK\$571.8 million as at 31 December 2010. Credit facilities available to the Group amounted to HK\$150 million of which HK\$0.3 million had been utilized.

Corporate expenditure for the period amounted to HK\$7.4 million compared to HK\$6.9 million in the corresponding period last year and capital expenditure was HK\$15.1 million.

Your Board of Directors has resolved to declare an interim dividend of HK\$0.015 per share. An interim dividend of HK\$0.015 per share was paid last year.

Recent developments in the global environment affect all aspects of economic activity. The group is not immune to the effects and faces a challenging market. We are therefore prudent in our business outlook for the near future.

DIRECTORS' INTERESTS

As at 31 December 2010, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions:

Ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Fung Wai Yiu	Beneficial owner and interests held by spouse and trust <i>(note 1)</i>	43,308,521	4.03%
Wong Chung Chong, Eddie	Beneficial owner and interests held by spouse and trust <i>(note 2)</i>	195,272,118	18.16%
Marvin Bienenfeld	Beneficial owner	870,521	0.08%
Chow Yu Chun, Alexander	Beneficial owner	3,400,521	0.32%
Leung Churk Yin, Jeanny	Beneficial owner	70,521	0.01%
Leung Ying Wah, Lambert	Beneficial owner	400,000	0.04%
Herman Van de Velde	Interests held by controlled corporation <i>(note 3)</i>	275,923,544	25.66%

Notes:

1. 2,126,521 shares were beneficially owned by Mr. Fung Wai Yiu ("Mr. Fung") whereas 216,000 shares were held by the spouse of Mr. Fung. 40,966,000 shares were registered in the name of Fung On Holdings Limited ("Fung On") or its nominee. The shares of Fung On were held by a family trust of which Mr. Fung and his family were eligible beneficiaries.
2. 18,580,521 shares were beneficially owned by Mr. Wong Chung Chong, Eddie ("Mr. Wong") or his nominees whereas 1,100,000 shares were held by the spouse of Mr. Wong and 175,591,597 shares were registered in the name of High Union Holdings Inc., the shares of which are held by Safeguard Trustee Limited, a trustee of a family trust of which the family members of Mr. Wong were eligible beneficiaries.
3. 275,923,544 shares were registered in the name of Van de Velde N.V. of which Mr. Herman Van de Velde was the controlling shareholder indirectly holding 56.26% of its equity interest.

Certain nominee shares in the Company's subsidiaries were held by Mr. Wong in trust for the Company's subsidiaries as at 31 December 2010.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2010, the interests and short positions of the persons (other than the Directors) in the shares, underlying shares and debentures of the Company as recorded in the register maintained by the Company pursuant to section 336 of the SFO were as follows:–

Long positions:

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Van de Velde N.V.	Beneficial owner	275,923,544	25.66%
High Union Holdings Inc.	Beneficial owner	175,591,597	16.33%
V.F. Corporation	Beneficial owner	106,000,000	9.86%

SHARE OPTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 22 November 2001 (the "Adoption Date") for the primary purpose of providing incentives or rewards to the Directors, employees or any other persons at the discretion of the Board of Directors, and the Scheme will expire on 21 November 2011. Under the Scheme, the Board of Directors of the Company may grant options to any employees, including executives or officers of the Company and its subsidiaries and any other persons at the discretion of the Board to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue on the Adoption Date, being 73,560,874 shares (the "Scheme Limit"). With prior approval from the Company's shareholders, the Company may refresh the Scheme Limit by 10% of the shares of the Company in issue as at the date of such shareholders' approval. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director in any 12-month period which is in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 14 days of the date of grant, upon payment of HK\$1 per grant. Options may generally be exercised at any time from the second anniversary of the date of acceptance to the tenth anniversary of the date of grant. In each grant of options, the Board of Directors of the Company may at their discretion determine the specific exercise period. The exercise price is determined by the Directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant and the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the shares.

During the six months ended 31 December 2010, no outstanding options were held by Directors and employees of the Company, and no options were granted, exercised, cancelled or lapsed under the Scheme.

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 2010.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.015 per share for the six months ended 31 December 2010 (six months ended 31 December 2009: HK\$0.015 per share). Shareholders whose names appear on the register of members of the Company on Friday, 18 March 2011 will be entitled to the interim dividend which will be paid on Friday, 25 March 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 March 2011 to Friday, 18 March 2011, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 15 March 2011.

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 2010 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 2010, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices 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 price sensitive 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 2010, the Group had approximately 9,491 employees (30 June 2010: approximately 10,675 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, 25 February 2011