



TOP FORM INTERNATIONAL LIMITED

TOP FORM INTERNATIONAL LIMITED ANNOUNCEMENT OF FY2013 ANNUAL RESULTS

(Stock Code: 333)

Highlights

- Manufacturing sales revenue amounted to HK\$ 1,054 million in FY2013, with 29.6 million pieces of ladies' intimate apparel products sold
- Full year loss down 94% to HK\$3.7 million
- Gross margin improved to 17% due to the improvement in cost efficiency of the manufacturing operations in aggregate
- The Board of Directors does not propose any final dividend.

Hong Kong, August 29, 2013 – Top Form International Limited (“TFI” or “the Group”; Stock Code: 333), a leading brassiere manufacturing company, announced on August 28, 2013 its annual results for the year ended June 30, 2013.

During the year under review, TFI recorded sales revenue of HK\$1,054 million, down 7% compared to the previous fiscal year, while narrowing its net loss after taxation to HK\$3.7 million, compared with a net loss of HK\$61.2 million in the 2012 fiscal year.

The loss per share for FY2013 was HK0.4 cent, compared to a previous loss per share of HK5.6 cents. The Board of Directors does not propose any final dividend.

Despite the challenging operational environment, the Group has largely repositioned itself in terms of cost structure, product capabilities, customer mix and sales direction. The Group completed its exit of manufacturing operations from Shenzhen, the most expensive manufacturing location in China. The Group put up new manufacturing facilities in Thailand and Cambodia, not only to replace the loss production in Shenzhen but to dwarf the weighing of China cost in the Group's global capacity. The Group also benefited from its enhanced R&D functions to expand its product capability, especially in the area of non-conventional skills, while changes in market mix to add new customers also allowed the Group to achieve a much more diverse and balanced sales portfolio.

Gross margin increased moderately to 17%, compared to 15% in 2012. This was the result of the Group's exit from manufacturing operations in Shenzhen and the improvement of cost efficiency at the Group's manufacturing plants in aggregate.

Selling and distribution expenses were also reduced significantly during the year, from HK\$43 million in 2012 to HK\$27 million, as a result of resolving operational issues in Thailand last year.

In spite of the sluggish global market, the Group continued to diversify its customer base. During the year under review, exports to the US accounted for 49% of total sales revenue, compared to 54% in the previous year, while exports to the EU accounted for 29% of total sales revenue, compared to 28% last year. Exports to the rest of the world accounted for 22%, compared to 18% last year.

The financial position of the Group remains healthy, with shareholders' funds standing at HK\$ 500 million, as at June 30, 2013, compared with HK\$498 million at the end of the previous year. The Group's bank balances and cash amounted to HK\$136 million at 30 June 2013. Credit facilities available to the Group amounted to HK\$159 million, while gearing remains at an insignificant level.

Looking forward, the Group expects the business environment to remain challenging and price driven. While export markets do not show signs of a strong recovery, the Group believes it has already past the worst economic conditions in the last few years. The Group remains optimistic about the future because of



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the changes it has made. The Group will continue to mitigate on-going cost pressure by improving operational efficiency in all locations, strengthening product capabilities and capacity as well as diversifying customer mix.

Mr Willie Fung, Chairman of TFI, commented, “While the exit of manufacturing operations in Shenzhen caused a short term loss of capacity and a decline in sales, we benefitted overall from a less expensive cost structure. We are confident that the expansions in Thailand and Cambodia which are ongoing will soon return the Group to growth and profit and we believe our ongoing strategy of shifting production to low cost regions outside China is crucial to the long term profitability of our business ”

- End -

About Top Form International Limited

Top Form International Limited (Stock Code: 333) is a leading brassiere manufacturing company. Its principal subsidiaries are engaged in the design, manufacture and distribution of ladies’ intimate apparel, principally brassieres. Its customers are located in the United States, Europe and Asia. The Company’s manufacturing facilities are located in Thailand, Mainland China and Cambodia. Further information is available at www.topformbras.com.

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Consolidated Statement of Profit or Loss

(For the year ended 30 June 2013)

	2013 HK\$'000	2012 HK\$'000
Revenue	1,054,451	1,132,391
Cost of sales	(879,570)	(963,910)
Gross profit	174,881	168,481
Other income and gains	15,259	6,500
Selling and distribution expenses	(27,432)	(43,358)
General and administrative expenses	(164,486)	(170,014)
Other expenses	-	(22,428)
Finance costs	(260)	(373)
Loss before tax	(2,038)	(61,192)
Income tax (expense) credit	(1,627)	28
Loss for the year	(3,665)	(61,164)
(Loss) profit for the year attributable to:		
Owners of the Company	(4,308)	(60,028)
Non-controlling interests	643	(1,136)
	(3,665)	(61,164)
Loss per share		
Basic	HK0.4 cent	HK5.6 cents



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Consolidated Statement of Financial Position

(At 30 June 2013)

	2013 HK\$'000	2012 HK\$'000
on-current assets		
Property, plant and equipment	144,627	153,654
Prepaid lease payments	1,671	1,719
Investment properties	58,877	49,294
Prepaid rental payments	3,859	5,008
Interest in an associate	-	-
Deferred tax asset	3,131	4,422
	212,165	214,097
Current assets		
Inventories	152,040	170,253
Debtors and other receivables	132,458	116,572
Bills receivable	13,523	30,960
Prepaid lease payments	48	48
Tax recoverable	2,288	4,224
Bank balances and cash	136,010	145,665
	436,367	467,722
Current liabilities		
Creditors and accrued charges	110,717	145,683
Taxation	1,761	2,242
	112,478	147,925
Net current assets	323,889	319,797
Total assets less current liabilities	536,054	533,894
Non-current liabilities		
Retirement benefit obligations	2,173	3,033
Deferred tax liabilities	15,515	15,614
	17,688	18,647
	518,366	515,247



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	2013 HK\$'000	2012 HK\$'000
Capital and Reserves		
Share capital	107,519	107,519
Reserves	392,304	390,307
Equity attributable to owners of the Company	<u>499,823</u>	<u>497,826</u>
Non-controlling interests	18,543	17,421
	<u>518,366</u>	<u>515,247</u>