



TOP FORM INTERNATIONAL LIMITED

TOP FORM INTERNATIONAL LIMITED MAINTAINS GROSS PROFIT MARGIN IN SIX MONTHS ENDED 31 DECEMBER 2016

(Stock Code: 333)

Highlights

- Sales revenue reached HK\$535 million during the six month period under review
- The Group's net profit amounted to HK\$2 million during interim period
- Gross profit margin maintained at 18% for the period
- The Board of Directors has resolved to declare an interim dividend of HK\$0.05 per share

Hong Kong, 24 February, 2017 – Top Form International Limited (“TFI” or “the Group”; Stock Code: 333), a leading brassiere manufacturing company, announced on February 23, 2017 its interim results for the six-month period ended December 31, 2016.

During the period under review, the Group recorded sales revenue of HK\$535 million, a decrease of 13% compared to HK\$618 million, and recorded a profit of HK\$2 million after taxation, a decline of 90% compared to HK\$20 million in the corresponding period of last year. The Board has resolved to declare an interim dividend of HK\$0.05 per share.

For the six months ended December 31, 2016, the Group's gross profit margin maintained at 18%. Average selling price showed a modest increase due to a lower proportion of sales in price sensitive products during this half. Rising operating costs remained as the major challenge for TFI.

Sales to the US amounted to 50% of the Group's total sales revenue, with sales to the EU representing 35% and 15% to the rest of the world, compared to 62%, 22% and 16% respectively during the previous interim period. Sales to the EU market has shown a moderate increase during the period under review but the weakening demand in the US market has resulted in the decrease in the Group's revenue. The capacity maintained a balance between overseas and China plants that the production from the overseas plants accounted for 62% of global output and China accounted for the remaining 38%.

Given the challenging market outlook and foreseeable cost increases, such as the rise in statutory minimum wage of Cambodia since 1 January 2017 by 9%, TFI will continue to be flexible in reacting to the strategic needs of the market. The company will also maintain the current production capacity and manage the capacity of the manufacturing facilities effectively to mitigate the short term challenges.

Commenting on the interim results, Mr. Eddie Wong, Chairman of TFI, said, “We will continue to assess the strategic and cost effectiveness of our operations and optimize our business processes, given the market challenges. These will support us to build a solid foundation to grow the business when the economy recovers.”

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About Top Form International Limited

Top Form International Limited (Stock Code: 333) is a leading brassiere manufacturing company. The Group's 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. Additional information is available at www.topformbras.com.

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TOP FORM INTERNATIONAL LIMITED

Consolidated statement of profit or loss

(For the six months ended 31 December 2016)

	For the six months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	534,626	618,047
Cost of sales	(437,440)	(508,321)
Gross profit	97,186	109,726
Other income	7,185	11,360
Selling and distribution expenses	(14,072)	(13,003)
General and administrative expenses	(91,916)	(86,460)
Finance costs	(102)	(109)
Share of profits of a joint venture	4,971	1,541
Profit before tax	3,252	23,055
Income tax expense	(911)	(3,025)
Profit for the period	2,341	20,030
Attributable to:		
Owners of the Company	1,701	18,685
Non-controlling interests	640	1,345
Profit for the period	2,341	20,030
Earnings per share		
Basic	HK\$0.79 cents	HK\$8.69 cents

**TOP FORM INTERNATIONAL LIMITED****Consolidated statement of financial position**

(At 31 December 2016)

	At 31 December 2016 (Unaudited)	At 30 June 2016 (Audited)
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	100,035	96,748
Prepaid land lease payments	1,503	1,527
Investment properties	78,485	100,991
Derivative financial instrument	4,849	3,639
Interest in a joint venture	21,869	17,580
Prepaid rental payments	1,103	1,335
	207,844	221,820
Current assets		
Investment property held for sale	19,000	-
Inventories	162,565	135,293
Debtors and other receivables	200,544	192,245
Amount due from a joint venture	-	11
Prepaid land lease payments	48	48
Current tax recoverable	1,039	-
Bank balances and cash	137,683	166,680
	520,879	494,277
Current liabilities		
Creditors and accrued charges	146,596	117,460
Obligations under finance lease	136	139
Current tax payable	3,719	4,638
	150,451	122,237
Net current assets	370,428	372,040
Total assets less current liabilities	578,272	593,860
Non-current liabilities		
Obligations under finance lease	286	338
Retirement benefit obligations	1,253	1,253
Deferred tax liabilities	22,317	23,436
	23,856	25,027
Net assets	554,416	568,833



TOP FORM INTERNATIONAL LIMITED

Consolidated statement of financial position (continued)
(At 31 December 2016)

	At 31 December 2016 (Unaudited)	At 30 June 2016 (Audited)
	HK\$'000	HK\$'000
Capital and Reserves		
Share capital	107,519	107,519
Reserves	435,894	450,199
Equity attributable to owners of the Company	<u>543,413</u>	<u>557,718</u>
Non-controlling interests	11,003	11,115
Total equity	<u><u>554,416</u></u>	<u><u>568,833</u></u>