



TOP FORM INTERNATIONAL LIMITED

TOP FORM INTERNATIONAL LIMITED IMPROVES PROFITABILITY IN SIX MONTHS ENDED 31 DECEMBER 2017

(Stock Code: 333)

Highlights

- Sales revenue up 21% to HK\$645 million during the six month period under review
- The Group's net profit grew by 724% to HK\$19 million during interim period
- Gross profit margin increased to 19% for the period
- The Board of Directors has resolved to declare an interim dividend of HK\$0.05 per share

Hong Kong, 23 February, 2018 – Top Form International Limited (“TFI” or “the Group”; Stock Code: 333), a leading brassiere manufacturing company, announced on February 22, 2018 its interim results for the six-month period ended December 31, 2017.

During the period under review, the Group recorded sales revenue of HK\$645 million, an increase of 21% compared to HK\$535 million in the same period last year. The Group recorded a profit of HK\$19 million after taxation, an increase of 724% compared to HK\$2 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, 2017, the Group's gross profit margin increased slightly to 19%. There was an upward pressure on operating costs caused by strengthening currencies, especially the Thai Baht and RMB against US dollars, and rising labor costs in all of the operating regions. The increased costs have been offset by the optimized cost structure of the plants and increased sales volume.

Sales to the US amounted to 63% of the Group's total sales revenue, with sales to the EU representing 26% and 11% to the rest of the world, compared to 50%, 35% and 15% respectively during the previous interim period. The improvement in sales revenue as compared to the previous corresponding period was mainly attributed to the improving US retail apparel environment. Average selling price rose as management continued to rebalance the sales mix in the face of rising operating costs.

During the period, TFI has largely maintained two-third of the global capacity in the overseas plants (64%) and remaining one-third of the global output in China (36%). There was an overall increase in capacity with additional sewing operators and improved plant efficiencies. This capacity distribution can enable the Group to maintain a competitive advantage in serving customers and be flexible to market demands.

Given the fast-changing dynamics of today's consumer market and volatile trade environment over the coming year, TFI intends to continue investing in the existing facilities in both Jiangxi province, China and Northwestern Thailand.

Commenting on the interim results, Mr. Eddie Wong, Chairman of TFI, said, “While the bottom of the recent cycle has passed and overall demand appears to be improving, the general outlook of the apparel industry remains challenging. We believe by increasing capacity, improving overall manufacturing operations, along with optimizing the overall planning and business process, we can better serve the business needs in the short term, as well as delivering long term sustainable growth and value to our shareholders.”

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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.

For further information, please contact:

Instinctif Partners

Koey Kwong

Tel: (852) 2461 3808 / (852) 6017 0750

Email: Koey.Kwong@instinctif.com

Jimmy Chan

Tel: (852) 2868 0546 / (852) 9439 8408

Email: Jimmy.Chan@instinctif.com

**TOP FORM INTERNATIONAL LIMITED**Consolidated statement of profit or loss
(For the six months ended 31 December 2017)

	For the six months ended 31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	645,260	534,626
Cost of sales	(522,065)	(437,440)
Gross profit	123,195	97,186
Other net income	5,865	7,185
Selling and distribution expenses	(12,585)	(14,072)
General and administrative expenses	(93,838)	(91,916)
Finance costs	(158)	(102)
Share of profits of a joint venture	2,437	4,971
Other expenses	(3,141)	-
Profit before tax	21,775	3,252
Income tax expense	(2,480)	(911)
Profit for the period	19,295	2,341
Attributable to:		
Owners of the Company	19,834	1,701
Non-controlling interests	(539)	640
Profit for the period	19,295	2,341
Earnings per share		
Basic	HK\$9.22 cents	HK\$0.79 cents

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

(At 31 December 2017)

	At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	111,169	111,622
Prepaid land lease payments	1,456	1,480
Investment properties	87,584	84,180
Deferred tax assets	2,078	-
Derivative financial instrument	4,426	4,313
Interest in a joint venture	24,812	24,736
Prepaid rental payments	784	936
	232,309	227,267
Current assets		
Inventories	160,149	150,284
Debtors and other receivables	249,743	209,694
Prepaid land lease payments	48	48
Current tax recoverable	500	1,105
Bank balances and cash	104,351	133,300
	514,791	494,431
Current liabilities		
Creditors and accrued charges	147,736	139,300
Obligations under finance lease	151	145
Current tax payable	2,825	4,210
	150,712	143,655
Net current assets	364,079	350,776
Total assets less current liabilities	596,388	578,043
Non-current liabilities		
Obligations under finance lease	138	205
Retirement benefit obligations	939	939
Deferred tax liabilities	23,780	20,999
	24,857	22,143
Net assets	571,531	555,900



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Consolidated statement of financial position (continued)
(At 31 December 2017)

	At 31 December 2017 (Unaudited)	At 30 June 2017 (Audited)
	HK\$'000	HK\$'000
Capital and Reserves		
Share capital	107,519	107,519
Reserves	454,544	438,501
Equity attributable to owners of the Company	<u>562,063</u>	<u>546,020</u>
Non-controlling interests	9,468	9,880
Total equity	<u><u>571,531</u></u>	<u><u>555,900</u></u>