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 2013

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 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2013

		Six months ended 31 December	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**540,448**	547,759
Cost of sales		**(446,853)**	(458,140)
Gross profit		**93,595**	89,619
Other revenue and net income		**9,843**	8,427
Selling and distribution expenses		**(10,321)**	(17,196)
General and administrative expenses		**(80,315)**	(83,601)
Finance costs		**(70)**	(93)
Profit/(loss) before taxation	*4*	**12,732**	(2,844)
Income tax	*5*	**(3,350)**	(459)
Profit/(loss) for the period		**9,382**	(3,303)

* *For identification purpose only*

	Note	Six months ended 31 December **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
Attributable to:			
Owners of the Company		**8,402**	(3,350)
Non-controlling interests		**980**	47
Profit/(loss) for the period		**9,382**	(3,303)
Earnings/(loss) per share	*7*		
Basic and diluted		**0.8 cents**	(0.3) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 December 2013

	Six months ended 31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**9,382**	(3,303)
Other comprehensive income for the period (after nil tax adjustments):		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of operations outside Hong Kong	**318**	2,903
Total comprehensive income for the period	**9,700**	(400)
Attributable to:		
Owners of the Company	**8,607**	(532)
Non-controlling interests	**1,093**	132
Total comprehensive income for the period	**9,700**	(400)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**At 31 December 2013 (Unaudited) *HK$'000***	At 30 June 2013 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**136,852**	144,627
Prepaid lease payments		**1,647**	1,671
Investment properties		**59,597**	58,877
Prepaid rental payments		**3,102**	3,859
Deferred tax assets		**1,318**	3,131
		202,516	212,165
Current assets			
Inventories		**197,570**	152,040
Debtors and other receivables	*8*	**130,034**	132,458
Bills receivable	*9*	**32,169**	13,523
Prepaid lease payments		**48**	48
Current tax recoverable		**1,091**	2,288
Bank balances and cash		**133,784**	136,010
		494,696	436,367
Current liabilities			
Creditors and accrued charges	*10*	**150,144**	110,717
Current tax payable		**1,372**	1,761
		151,516	112,478
Net current assets		**343,180**	323,889
Total assets less current liabilities		**545,696**	536,054

	Notes	At **31 December** **2013** **(Unaudited)** ***HK$'000***	At 30 June 2013 (Audited) *HK$'000*
Non-current liabilities			
Retirement benefit obligations		**2,173**	2,173
Deferred tax liabilities		**15,457**	15,515
		17,630	17,688
Net assets		**528,066**	518,366
Capital and reserves			
Share capital		**107,519**	107,519
Reserves		**400,911**	392,304
Equity attributable to owners of the Company		**508,430**	499,823
Non-controlling interests		**19,636**	18,543
Total equity		**528,066**	518,366

NOTES TO THE INTERIM FINANCIAL RESULTS

For the six months ended 31 December 2013

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 February 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
— HKFRS 10, *Consolidated financial statements*
— HKFRS 12, *Disclosure of interests in other entities*
— HKFRS 13, *Fair value measurement*
— Revised HKAS 19, *Employee benefits*
— *Annual Improvements to HKFRSs 2009–2011 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and Hong Kong (SIC) Interpretation 12, *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its interests in subsidiaries as at 1 July 2013.

HKFRS 12, ***Disclosure of interests in other entities***

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

HKFRS 13, ***Fair value measurement***

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial report. The adoption of HKFRS 13 does not have any material impact on the Group's interim financial report.

Revised HKAS 19, ***Employee benefits***

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of HKAS 19 does not have any material impact on the interim financial report of the Group. Additional disclosures will be included in the annual financial statements.

Annual improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. The amendments do not have any impact on the interim financial report.

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group's executive directors, being the Group's chief operating decision maker, 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 2013 and 31 December 2012.

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 or loss is the consolidated profit or loss after tax of the Group.

All the Group's assets and liabilities are under the manufacturing business as at 31 December 2013 and 30 June 2013.

4. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging/(crediting):

	Six months ended 31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**70**	93
(b) Other items		
Depreciation of property, plant and equipment	**14,017**	15,220
Amortisation of prepaid lease payments	**24**	24
(Gain)/loss on disposal of property, plant and equipment	**(286)**	72
Exchange gain, net	**(1,836)**	(2,201)
Interest income	**(837)**	(713)
(Reversal of allowance)/allowance for obsolete inventories (included in cost of sales)	**(519)**	1,867

5. INCOME TAX

	Six months ended 31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**637**	544
Other jurisdictions	**1,141**	743
	1,778	1,287
Deferred tax:		
Charge/(credit) for the period	**1,572**	(828)
	3,350	459

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits 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 inventories.

6. DIVIDENDS

	Six months ended 31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
2013 final dividend paid: HK$nil per share (2012: 2012 final dividend of HK$nil per share)	**–**	–
Dividend declared:		
Interim dividend *(Note)*	**10,752**	–

Note: Subsequent to the end of the interim reporting period, an interim dividend of HK$0.01 per share (six months ended 31 December 2012: HK$nil per share) has been declared by the directors of the Company for the six months ended 31 December 2013.

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following:

	Six months ended 31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period attributable to the owners of the Company for the purpose of basic earnings/(loss) per share	**8,402**	(3,350)
	Number of shares	
Number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,075,188,125**	1,075,188,125

There was no dilutive effect on earnings/(loss) per share because there are no dilutive potential ordinary shares outstanding for both periods.

8. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK$108,842,000 (at 30 June 2013: HK$111,042,000). The Group allows an average credit period of 30 days to its trade customers.

The management of the Company assesses the credit quality of the trade debtors based on the payment due date. An ageing analysis of trade debtors based on the payment due date at the end of the reporting period is as follows:

	At 31 December 2013 (Unaudited) ***HK$'000***	At 30 June 2013 (Audited) *HK$'000*
Current	**88,452**	96,028
1–30 days overdue	**18,909**	12,570
31–60 days overdue	**929**	1,110
Over 60 days overdue	**552**	1,334
	108,842	111,042

9. BILLS RECEIVABLE

As at 31 December 2013 and 30 June 2013, 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$88,430,000 (at 30 June 2013: HK$49,085,000). The average credit period for purchases of goods is 45 days.

An ageing analysis of trade creditors based on the payment due date at the end of the reporting period is as follows:

	At 31 December 2013 (Unaudited) ***HK$'000***	At 30 June 2013 (Audited) *HK$'000*
Current	**76,604**	45,322
1–30 days overdue	**8,054**	3,088
31–60 days overdue	**2,617**	268
Over 60 days overdue	**1,155**	407
	88,430	49,085

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2013, the Group recorded a profit after taxation of HK$9.4 million on HK$540 million of sales compared with a loss of HK$3.3 million on HK$548 million of sales revenue in the corresponding period last year.

During the period, in monetary terms, 52% of our sales were to the US market whilst sales to the EU represented 29% and the rest of the world accounted for 19%.

China accounted for 49% of our global output, Thailand 46% and Cambodia 5%. Following our strategic plan to expand the capacity overseas, our China capacity has been dwarfed to less than 50% (from 57% recorded in the same period a year ago) of the global capacity during the period. Gross profit margin improved slightly from 16% to 17%.

Our ongoing efforts in maintaining cost control and competitiveness in all areas of the Group's business have brought encouraging result as reflected from the decline in both selling and distribution expenses and general and administrative expenses during the period.

The political and social unrests in Thailand exacerbated since last November have not affected the operations of our plants located near the Northwestern boarder of the country.

In Cambodia, however, several non-government labor unions during the period orchestrated a demand for massive increase in minimum wage. As wage negotiations between the labor unions and the government broke down, the labor unions staged industry-wide strikes and street demonstrations, forcing most of the manufacturers including our factory in Phnom Penh to suspend operation from last December to early January. For the six months under review, our Cambodia operation accounted for 5% of our global capacity. In order to minimize the negative impacts brought on by the labor unrest to business, we have reshuffled our orders between Cambodia and our other regions. We have no plan to increase our Cambodia capacity in the short term but we shall review our options when the labor situation stabilizes. As of this time of writing, the minimum wage in Cambodia is increased by 25% effective from February, 2014.

Corporate expenditure for the period amounted to HK$6.9 million compared to HK$7.4 million in the corresponding period last year and capital expenditure was HK$8.9 million for the current period.

The financial position of the Group remains healthy with shareholders' funds standing at HK$508 million as at 31 December 2013. Credit facilities available to the Group amounted to HK$159 million.

Your Board of Directors has resolved to declare an interim dividend of HK$0.01 per share. No interim dividend was paid last year.

Looking ahead, the recent release of economic data seems to suggest a relatively stable economy in the major markets. While we do not expect the present business environment to go worse than what we have gone through, we are mindful of the still flat and price driven demand in business. We will continue to strengthen our product capability and seek for low cost capacity expansion to maintain our competitiveness and long term growth.

The dispute on statutory wage increase between the Cambodian government and the labour unions in Phnom Penh are causes for concerns on our operations. We will closely monitor the situation and take necessary steps to respond to the disruptions, if any, to our operation in this country.

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 2013.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK$0.01 per share for the six months ended 31 December 2013 (six months ended 31 December 2012: Nil) to its shareholders whose names will appear on the registers of members of the Company on 11 March 2014. The interim dividend will be paid on 20 March 2014.

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed on 10 and 11 March 2014 for interim dividend. During the period, no transfer of shares will be registered. 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 no later than 4:30 p.m. on 7 March 2014.

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 2013 has been reviewed by the Audit Committee and KPMG, auditor of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2013, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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.

The Chairman and the Group Managing Director of the Company 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 2013, the Group had employed approximately 8,484 employees (30 June 2013: approximately 8,139 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, 21 February 2014

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.