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 2006

The Board of Directors of Top Form International Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2006

		For the six months ended 31 December	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**770,125**	615,724
Cost of sales		**(572,716)**	(442,279)
Gross profit		**197,409**	173,445
Other income		**7,201**	3,810
Selling and distribution expenses		**(30,908)**	(12,535)
Administrative expenses		**(83,486)**	(81,147)
Finance costs		**(162)**	(277)
Profit before taxation	*4*	**90,054**	83,296
Income tax expense	*5*	**(14,352)**	(14,221)
Profit for the period		**75,702**	69,075
Attributable to:			
Equity holders of the Company		**74,645**	67,510
Minority interests		**1,057**	1,565
		75,702	69,075
Dividend paid	*6*	**32,289**	64,651
Interim dividend	*6*	**26,907**	26,907
Earnings per share	*7*		
Basic		**6.9 cents**	6.3 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
At 31 December 2006

	Notes	At 31 December 2006 (Unaudited) HK$'000	At 30 June 2006 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**174,959**	170,842
Prepaid lease payments		**5,171**	2,189
Interests in associates		**–**	–
		180,130	173,031
Current assets			
Inventories		**232,237**	245,993
Debtors, deposits and prepayments	*8*	**187,926**	254,741
Bills receivable	*9*	**11,607**	9,649
Prepaid lease payments		**576**	112
Bank balances and cash		**151,855**	65,253
		584,201	575,748
Current liabilities			
Creditors and accrued charges	*10*	**134,375**	169,087
Taxation		**80,665**	78,384
Bank borrowings and other liabilities – due within one year		**5,374**	6,032
Obligations under finance leases – due within one year		**337**	358
		220,751	253,861
Net current assets		**363,450**	321,887
Total assets less current liabilities		**543,580**	494,918
Non-current liabilities			
Bank borrowings and other liabilities – due after one year		**172**	203
Obligations under finance leases – due after one year		**120**	359
Provision for long service payments		**4,469**	4,345
Deferred taxation		**11,781**	9,659
		16,542	14,566
		527,038	480,352

Capital and reserves		
Share capital	**107,630**	107,630
Reserves	**400,226**	353,562
Equity attributable to equity holders of the Company	**507,856**	461,192
Minority interests	**19,182**	19,160
	527,038	480,352

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2006

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 "Listing Rules") and with 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 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective and are pertinent to the Group's operations. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[2]
HK(IFRIC) – INT 11	HKFRS-2 – Group and Treasury Share Transactions[3]

[1] *Effective for annual periods beginning on or after 1 January 2007*

[2] *Effective for annual periods beginning on or after 1 November 2006*

[3] *Effective for annual periods beginning on or after 1 March 2007*

3. SEGMENT INFORMATION

For management purpose, the Group's operations are currently organised into manufacturing business and branded business. Segment information in respect of these activities is as follows:

Business segments

Six months ended 31 December 2006

	Manufacturing business *HK$'000*	**Branded business** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
Revenue				
External sales	**760,055**	**10,070**	**–**	**770,125**
Inter-segment sales *(note)*	**1,628**	**–**	**(1,628)**	**–**
Total sales	**761,683**	**10,070**	**(1,628)**	**770,125**
Results				
Segment results	**96,063**	**13**	**–**	**96,076**
Unallocated corporate expenses				**(7,947)**
Interest income				**2,087**
Finance costs				**(162)**
Profit before taxation				**90,054**
Income tax expense				**(14,352)**
Profit for the period				**75,702**

Six months ended 31 December 2005

	Manufacturing business *HK$'000*	Branded business *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue				
External sales	605,442	10,282	–	615,724
Inter-segment sales *(note)*	641	–	(641)	–
Total sales	606,083	10,282	(641)	615,724
Results				
Segment results	91,709	(2,014)	–	89,695
Unallocated corporate expenses				(8,905)
Interest income				2,783
Finance costs				(277)
Profit before taxation				83,296
Income tax expense				(14,221)
Profit for the period				69,075

Note: Inter-segment sales are charged at prices determined by management with reference to market prices.

Geographical segments

The Group's manufacturing operations are principally located in Hong Kong, the People's Republic of China ("PRC") and Thailand. Branded business is principally carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of origin of the goods:

Six months ended 31 December 2006

	Sales revenue by geographical market *HK$'000*	**Contribution to profit before taxation** *HK$'000*
United States of America	**564,091**	**71,295**
Europe	**127,561**	**16,122**
Australia and New Zealand	**42,661**	**5,392**
Asia (excluding Hong Kong)	**27,299**	**3,410**
Hong Kong	**8,513**	**(143)**
	770,125	**96,076**
Unallocated corporate expenses		**(7,947)**
Interest income		**2,087**
Finance costs		**(162)**
Profit before taxation		**90,054**

Six months ended 31 December 2005

	Sales revenue by geographical market *HK$'000*	Contribution to profit before taxation *HK$'000*
United States of America	446,046	67,565
Europe	108,188	16,388
Australia and New Zealand	34,834	5,276
Asia (excluding Hong Kong)	18,213	2,069
Hong Kong	7,878	(1,689)
South Africa	565	86
	615,724	89,695
Unallocated corporate expenses		(8,905)
Interest income		2,783
Finance costs		(277)
Profit before taxation		83,296

4. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**15,224**	13,849
Amortisation of prepaid lease payments	**56**	56
Cost of textile quota entitlements	**8,493**	–
Loss on disposal of property, plant and equipment	**23**	84
and after crediting:		
Interest income	**2,087**	2,783

5. INCOME TAX EXPENSE

	For the six months ended 31 December	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**11,038**	4,900
Other jurisdictions	**1,192**	1,707
	12,230	6,607
Deferred tax:		
Current year	**2,122**	7,614
	14,352	14,221

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the six months ended 31 December 2006.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDENDS

	For the six months ended 31 December	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend paid:		
2006 final dividend paid: HK$0.03 (year ended 30 June 2005: HK$0.06) per share on 1,076,298,125 shares (2005: 1,077,514,125 shares)	**32,289**	64,651
Dividend:		
Interim dividend *(Note)*	**26,907**	26,907

Note: An interim dividend of HK$0.025 (six months ended 31 December 2005: HK$0.025) per share on 1,076,298,125 shares (six months ended 31 December 2005: 1,076,298,125 shares) has been declared by the Directors on 23 February 2007.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$74,645,000 (for the six months ended 31 December 2005: HK$67,510,000) and on the number of 1,076,298,125 shares (for the six months ended 31 December 2005: 1,077,083,745 shares) in issue during the period.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance are trade debtors of HK$156,075,000 (at 30 June 2006: HK$211,072,000). The Group allows an average credit period of 30 days to its trade customers.

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

	At 31 December 2006	At 30 June 2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 – 30 days	**148,494**	188,030
31 – 60 days	**7,366**	5,011
61 – 90 days	**163**	7,869
Over 90 days	**52**	10,162
	156,075	211,072
Other debtors, deposits and prepayments	**31,851**	43,669
	187,926	254,741

9. BILLS RECEIVABLE

Included in the balance is an amount of HK$11,607,000 (at 30 June 2006: HK$6,972,000) aged within 30 days and the remaining balance of HK$nil (at 30 June 2006: HK$2,677,000) is aged between 31 to 60 days.

10. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK$67,578,000 (at 30 June 2006: HK$74,190,000).

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

	At 31 December 2006 (Unaudited) *HK$'000*	At 30 June 2006 (Audited) *HK$'000*
0 – 30 days	**59,936**	65,540
31 – 60 days	**5,248**	5,320
61 – 90 days	**1,058**	847
Over 90 days	**1,336**	2,483
	67,578	74,190
Other creditors and accrued charges	**66,797**	94,897
	134,375	169,087

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2006, the Group recorded an increase in both sales revenue and after tax earnings when compared with the same period in the previous year. Sales revenue was up 25% to HK$770.1 million, after tax earnings 10% to HK$75.7 million, and basic earnings per share were HK$0.069 versus HK$0.063 in the corresponding period of the previous year.

Our core OEM business accounted for some 99% of the Group's revenue. During the period global sales totalled 29.7 million units of brassieres compared to 25.9 million units in the corresponding period last year. Production in our first quarter was 16.7 million units compared to 14 million units last year and in our second quarter was 13 million units compared to 11.9 million units last year.

The level of production attained in our first quarter reflected the return to an acceptable level of efficiency by our plants following the quota disruption experienced during the majority of fiscal 2006. Selling and distribution expenses during the 1st quarter were higher than the norm due to the need to air-ship the remaining back orders carried over from the last fiscal year. Our shipping performance has since returned to normal.

Production in our second quarter was compromised by caution in inventory management, primarily in the U.S. markets. This was particularly evident in the sourcing strategies of the mass channels and a marked decrease in production lead times. In addition, the surge in wages in China caused customers to look elsewhere for low cost production, especially for volume and price-sensitive business.

In Thailand, the military coup which took place in September had virtually no impact on the operations of our plants in that country. We continue the ongoing trend of shifting production from our plants in the vicinity of Bangkok to lower cost regions within the country which also have an adequate labour supply.

Quotas were not an issue during the period. In calendar 2006 the utilization rates for both the U.S. and E.U. markets were below the quota available to China.

For 2007 the quota mechanism has changed to a system of “compromised bidding” under which all of the quota is allocated. The maximum amount of the allocation is based on 2006 export performance. The allocation is being done in two equal tranches. The first tranche, which was based on export performance from January to July 2006 (inclusive) has been completed and we are confident of securing sufficient quota for our needs in China. The cost of the quota is estimated to be significantly less in calendar 2007 than in the previous calendar year.

Average selling prices showed modest increases during the period whilst material prices remained stable which reflects the continuing demand for new product features, such as the ‘sew-free’ look.

Revenue for the period in our branded business was flat at around HK$10 million. Following the downsizing of this business unit’s operations in Hong Kong to two Marguerite Lee shops, our focus has been on expanding the distribution network for the MX brand in China. As at 31 December 2006, we had opened sales counters in five department stores in Shenzhen. Start up costs for such counters are not significant and the early signs are encouraging. The operating performance of the business unit as a whole continues to improve, albeit slowly.

Corporate spending remained stable in absolute terms, but declined as a percentage of sales due to the increase in revenues.

The financial position of the Group remains strong. As at 31 December 2006, shareholders’ funds had increased to HK$507.9 million from HK$461.2 million at 30 June 2006. The unusually high levels of inventory and receivables recorded at the end of fiscal 2006 returned to normality as the order backlog was cleared in early fiscal 2007. Credit facilities available to the Group amounted to HK$150 million of which HK$4.7 million had been utilized. The level of gearing remains insignificant and, with bank balances standing at HK$151.9 million, we retain the flexibility to finance future requirements.

Your Board of Directors has resolved to declare an interim dividend of HK$0.025 per share for the half year, equivalent to the interim dividend of the previous year.

In our 2006 annual report and first quarter operational update we were cautious as to the outlook due to a number of factors, especially the business environment and the market change. We have seen continuing softness in the U.S. market, particularly in relation to the apparel segment of the mass market. The operating environment in the Pearl River Delta continues to deteriorate. Statutory minimum wages in our plants in Shenzhen increased by 17% on 1 July, 2006 and in Nan Hai by 20% on 1 September, 2006. On 1 January, 2007 our plant in Longnan, Jiangxi Province, experienced a statutory minimum wage increase of 36%. The strength of the Thai Baht and Philippines Peso against the U.S. dollar have brought additional cost pressures. We are also mindful of a potential revaluation of the RMB and a likely reduction in export tax rebate on textile and garment products in the future.

These factors, together with the continuing labour shortages in Guangdong, will result in a continuing trend of low value production being sourced outwith China to lower cost countries in the region.

In terms of our brands business, by the end of this fiscal year we anticipate adding another five counters in Shenzhen, making ten in all. We continue searching for acquisition targets and joint-venture opportunities which would give an immediate boost to this segment but, in the meantime, we will continue to prudently invest in internal expansion.

The coming year will be challenging and our business plan focuses on securing production orders to fill plant capacity and rigorously controlling our escalating cost base. Looking further ahead we are closely scrutinizing our business model to enable us to successfully adapt to the existing challenges and future trends within our industry.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2006.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK$0.025 per share (six months ended 31 December 2005: HK$0.025 per share) to members whose names appear on the register of members on Friday, 9 March 2007. The dividend will be paid on Friday, 30 March 2007.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 7 March 2007 to Friday, 9 March 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend of HK$0.025 per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, 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 Tuesday, 6 March 2007.

AUDIT COMMITTEE

The Audit Committee currently comprises Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, all of whom are Independent Non-executive Directors and Ms. Leung Churk Yin, Jeanny, a Non-executive Director 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 unaudited interim financial report for the six months ended 31 December 2006 has been reviewed by the Audit Committee and Messrs. Deloitte Touche Tohmatsu, auditors of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2006, 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 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 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 one-third shall retire from office provided that notwithstanding anything herein, the Chairman of the Board 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" 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 2006, the Group has approximately 13,352 employees (30 June 2006: approximately 14,253 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 and a share option scheme to its employees.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information of the Company required by paragraph 46 of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website as soon as practicable.

On behalf of the Board
Top Form International Limited
Fung Wai Yiu
Chairman

Hong Kong, 23 February 2007

As at the date of this announcement, the Board comprises Mr. Fung Wai Yiu, Mr. Wong Chung Chong, Eddie and Mr. Leung Tat Yan as executive directors, Mr. Lucas A.M. Laureys, Ms. Leung Churk Yin, Jeanny, and Mr. Herman Van de Velde as non-executive directors, Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive directors.

* *for identification purposes only*

Please also refer to the published version of this announcement in South China Morning Post.