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TOP FORM INTERNATIONAL LIMITED
黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2010

RESULTS

The board of directors (the "Board") of Top Form International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*2*	**1,342,480**	1,370,026
Cost of sales		**(1,048,518)**	(1,100,833)
Gross profit		**293,962**	269,193
Other income and gains		**4,799**	9,410
Selling and distribution expenses		**(37,883)**	(48,676)
General and administrative expenses		**(173,332)**	(181,426)
Impairment losses and other costs	*3*	**–**	(25,308)
Other expenses	*4*	**–**	(9,219)
Finance costs		**(27)**	(137)
Profit before taxation	*5*	**87,519**	13,837
Income tax expense	*6*	**(33,835)**	(27,787)
Profit (loss) for the year		**53,684**	(13,950)

* *For identification purpose only*

	Note	2010 HK$'000	2009 HK$'000
Attributable to:			
Owners of the Company		**46,823**	(12,605)
Non-controlling interests		**6,861**	(1,345)
		53,684	(13,950)
Earnings (loss) per share	*8*		
Basic		**4.4 cents**	(1.2) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year	**53,684**	(13,950)
Other comprehensive income (loss)		
Exchange differences arising on translation of foreign operations	**1,337**	(53)
Total comprehensive income (loss) for the year	**55,021**	(14,003)
Total comprehensive income (loss) attributable to:		
Owners of the Company	**47,956**	(12,640)
Non-controlling interests	**7,065**	(1,363)
	55,021	(14,003)

CONSOLIDATED BALANCE SHEET

At 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**139,224**	148,644
Prepaid lease payments		**1,815**	1,861
Prepaid rental payments		**7,410**	5,144
Interest in an associate		**–**	–
Deferred tax asset		**1,152**	2,401
		149,601	158,050
Current assets			
Inventories		**225,085**	162,920
Debtors and other receivables	*9*	**159,743**	150,477
Bills receivable	*10*	**29,676**	20,489
Prepaid lease payments		**48**	104
Tax recoverable		**9,366**	9,769
Tax reserve certificates	*6*	**77,920**	3,520
Bank balances and cash		**220,646**	318,314
		722,484	665,593
Current liabilities			
Creditors and accrued charges	*11*	**132,779**	124,158
Taxation		**149,267**	121,508
Bank borrowings and other liabilities			
– due within one year		**828**	604
Obligations under finance leases			
– due within one year		**131**	124
		283,005	246,394
Net current assets		**439,479**	419,199
Total assets less current liabilities		**589,080**	577,249

	2010	2009
	HK$'000	*HK$'000*
Non-current liabilities		
Obligations under finance leases		
– due after one year	**11**	135
Retirement benefit obligations	**10,305**	10,089
Deferred tax liabilities	**4,216**	4,175
	14,532	14,399
	574,548	562,850
Capital and reserves		
Share capital	**107,519**	107,519
Reserves	**443,207**	438,259
Equity attributable to owners of the Company	**550,726**	545,778
Non-controlling interests	**23,822**	17,072
	574,548	562,850

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the application of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments *(see note 2)*.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the qualifying asset.

The application of HKAS 23 (Revised 2007) had no material effect on the consolidated financial statements of the Group.

HKFRS 3 (Revised) Business Combinations
HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior years.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendments HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

[1] *Effective for annual periods beginning on or after 1 January 2010*
[2] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
[3] *Effective for annual periods beginning on or after 1 February 2010*
[4] *Effective for annual periods beginning on or after 1 July 2010*
[5] *Effective for annual periods beginning on or after 1 January 2011*
[6] *Effective for annual periods beginning on or after 1 January 2013*

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated balance sheet. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The directors of the Company ("Directors") anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard, HKAS 14 *Segment Reporting*, required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary segment reporting format was based on type of business carried out by the Group being manufacturing and brand business. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments for the year ended 30 June 2009. Subsequent to the closure of the brand business in the year ended 30 June 2009, for the purpose of resources allocation and performance assessment, the Group's executive directors, being the Group's chief operating decision makers, 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 for the year ended 30 June 2010.

(a) ***The following is an analysis of the Group's revenue and results by operating segment for the year ended 30 June 2009:***

	Manufacturing business	**Brand business**	**Elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	1,352,735	17,291	–	1,370,026
Inter-segment sales *(note 1)*	3,728	–	(3,728)	–
Total sales	1,356,463	17,291	(3,728)	1,370,026
RESULTS				
Segment results *(note 2)*	61,857	(25,147)	–	36,710
Unallocated corporate expenses *(note 3)*				(25,045)
Interest income				2,309
Finance costs				(137)
Profit before taxation				13,837
Income tax expense				(27,787)
Loss for the year				(13,950)

Notes:

1. Inter-segment sales were charged at prevailing market rates.

2. Included in the segment results of manufacturing business was the impairment losses on property, plant and equipment of approximately HK$8,517,000. Included in the segment results of brand business was the impairment losses and other costs of approximately HK$16,791,000. Details are set out in note 3.

3. The amount included professional fees and other expenses amounting to approximately HK$9,219,000. Details are set out in note 4.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents profit earned by each segment without allocation of corporate expenses, interest income and finance costs. This is the measure reported to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment.

All the Group's segment assets and liabilities are under the manufacturing business as at 30 June 2009 and 2010.

(b) Geographical information

The following table sets out information about the geographical location of revenue from external customers and information about its non-current assets. The geographical location of customers is based on the location at which the goods are delivered.

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**17,217**	19,918	**10,365**	12,860
United States of America ("USA")	**872,299**	891,358	**–**	–
New Zealand	**87,319**	43,525	**–**	–
France	**83,944**	92,207	**–**	–
Belgium	**51,666**	45,156	**–**	–
The Netherlands	**82,254**	109,497	**–**	–
Canada	**32,973**	52,026	**–**	–
Germany	**26,179**	28,168	**–**	–
Spain	**21,537**	8,267	**–**	–
United Kingdom ("UK")	**19,293**	15,245	**–**	–
The People's Republic of China ("PRC")	**20,018**	29,273	**111,638**	119,819
Thailand	**–**	–	**26,383**	22,791
The Philippines	**–**	–	**63**	179
Others	**27,781**	35,386	**–**	–
	1,342,480	1,370,026	**148,449**	155,649

Note: Non-current assets exclude deferred tax asset.

(c) ***Information about major customers***

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group from the manufacturing operating segment are as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A	**563,251**	595,228
Customer B	**272,406**	245,261

3. IMPAIRMENT LOSSES AND OTHER COSTS

Following the decisions made to exit the brand business and to transfer the manufacturing operations of a plant located in the vicinity of Bangkok to a regional facility, impairment losses and other exit costs of HK$25,308,000 had been recognised during the year ended 30 June 2009. The nature of impairment losses and other costs was as follows:

	2009
	HK$'000
Allowance for inventories of brand business	13,346
Exit costs of brand business	2,325
Loss on disposal of property, plant and equipment of brand business	1,120
Impairment losses on property, plant and equipment in respect of the manufacturing operations of a plant located in Thailand	8,517
	25,308

4. OTHER EXPENSES

On 26 July 2008, Top Form (B.V.I.) Limited ("TFBVI"), a wholly-owned subsidiary of the Company, entered into a conditional share acquisition agreement ("Share Acquisition Agreement") to acquire the entire issued share capital of Ace Style Intimate Apparel Limited, Elkhorn Enterprise Limited, Tavistock Springs (H.K.) Limited and Carina Apparel Inc. from Ace Style International Limited, Mr. Andrew Sia and the other five vendors (collectively referred to as the "Vendors").

On 24 November 2008, the Vendors, the Company and TFBVI entered into an agreement to terminate the Share Acquisition Agreement with effect from the same date.

As a result, professional fees and other expenses amounting to HK$9,219,000, relating to the aborted acquisition were recognised as expenses and charged to the consolidated income statement during the year ended 30 June 2009.

5. PROFIT BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**2,559**	2,714
Cost of textile quota entitlements	**–**	1,428
Depreciation of property, plant and equipment	**29,897**	28,009
Allowance for obsolete inventories	**717**	9,956
Release of prepaid lease payments	**102**	112
(Gain) loss on disposal of property, plant and equipment	**(11)**	2,046
Impairment losses recognised in respect of:		
Leasehold improvements	**–**	1,847
Furniture, fixtures and equipment	**–**	7,424
	–	9,271
Minimum lease payments paid under operating leases in respect of land and buildings	**16,740**	26,900
Cost of inventories recognised as an expense	**1,048,518**	1,100,833
Net exchange loss	**4,787**	3,345
Staff costs, including directors' emoluments	**377,603**	377,426
Severance payments and other costs	**6,233**	–
Quota income	**–**	(2,143)
Interest income	**(543)**	(2,309)

6. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year	**12,301**	9,965
Taxation in other jurisdictions calculated at the rates prevailing in the respective jurisdictions	**3,525**	3,734
	15,826	13,699
Underprovision in prior years		
Hong Kong Profits Tax	**16,037**	14,638
Taxation in other jurisdictions	**682**	579
	16,719	15,217
Deferred taxation		
Current year	**1,290**	(1,129)
	33,835	27,787

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year.

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

Certain subsidiaries of the Group operating in the PRC are eligible for certain tax holidays and concessions in respects of PRC income tax and are exempted from PRC income taxes for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years. The PRC income tax charges are arrived at after taking into account of these tax incentives.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The EIT Law provides a five-year transition period from 1 January 2008 for those subsidiaries which were established before the promulgation date of the EIT Law and which are entitled to a preferential lower tax rate under the effective tax laws or regulations and hence the 25% tax rate is only applicable to certain subsidiaries after the expiry of tax holidays and concessions.

During the years ended 30 June 2008, 2009 and 2010, certain subsidiaries of the Company were subject to a tax audit raised by the Hong Kong Inland Revenue Department (the "IRD") for the years of assessment from 2001/02 to 2009/10. The IRD requested information and documents relating to certain subsidiaries of the Group for the purpose of the tax audit.

During the year ended 30 June 2009, the IRD issued the notices of estimated assessment demanding final tax for the year of assessment 2002/03 on certain subsidiaries and the estimated assessment was settled in the form of a tax reserve certificate ("TRC") amounting to HK$3,520,000.

During the year, the IRD further issued notices of estimated assessment demanding final tax on certain subsidiaries for the years of assessment from 2003/04 to 2007/08. TRC amounting to HK$74,400,000 relating to these estimated assessments were purchased.

Subsequent to the balance sheet date, the Group reached a settlement with the IRD at a sum of HK$136,431,000, inclusive of HK$21,000,000 as a compound penalty, as a full and final settlement of the whole case for all of the relevant years of assessment. As a result, additional income tax of HK$16,037,000 for the relevant years of assessment has been provided for during the year ended 30 June 2010.

7. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 Interim – HK$0.015 (2009: 2009 interim dividend HK$nil) per share	**16,128**	–
2009 Final – HK$0.025 (2009: 2008 final dividend HK$nil) per share	**26,880**	–
	43,008	–

The final dividend of HK$0.025 (2009: HK$0.025) per share totalling HK$26,880,000 has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS (LOSS) PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) attributable to the owners of the Company for the purpose of basic earnings (loss) per share	**46,823**	(12,605)

	Number of shares	
	2010	2009
Number of ordinary shares for the purpose of basic earnings (loss) per share	**1,075,188,125**	1,075,188,125

No diluted earnings (loss) per share has been presented because there are no potential ordinary shares outstanding for both years.

9. DEBTORS AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**135,749**	125,092
Other receivables	**23,994**	25,385
Total debtors and other receivables	**159,743**	150,477

Before accepting any new customers, the Group will assess the potential customer's credit quality. 97% (2009: 95%) of the trade receivables that are neither past due nor impaired have the best credit quality.

The Group allows an average credit period of 30 days to its trade customers.

The following is an aged analysis of trade debtors presented based on the invoice date at the balance sheet date.

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**131,086**	118,456
31 – 60 days	**4,455**	5,867
61 – 90 days	**208**	751
Over 90 days	**–**	18
	135,749	125,092

10. BILLS RECEIVABLE

Included in bills receivable is an amount of HK$27,270,000 (2009: HK$17,791,000) aged within 30 days, HK$2,399,000 (2009: HK$2,698,000) aged within 31 to 60 days and HK$7,000 (2009: HK$nil) aged within 61-90 days. The Group does not hold any collateral over these balances.

11. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK$58,607,000 (2009: HK$58,015,000).

The following is an aged analysis of trade creditors presented based on the invoices date at the balance sheet date.

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**55,434**	55,547
31 – 60 days	**2,950**	1,256
61 – 90 days	**63**	583
Over 90 days	**160**	629
	58,607	58,015

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payable are paid within the credit timeframe.

Other creditors and accrued charges mainly represented accrued freight charges, salaries and other operating expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Following the closure of the Brand business in fiscal 2009, the Group's operational focus is in its core Manufacturing activity together with a Corporate cost center.

	Revenue		Profit (Loss/Expenses)	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Manufacturing	**1,342,480**	1,352,735	**101,463**	64,022
Brand (discontinued)	**–**	17,291	**–**	(25,139)
Corporate	**–**	–	**(13,944)**	(25,046)
	1,342,480	1,370,026	**87,519**	13,837

For the year ended 30 June 2010, the Group recorded manufacturing sales revenues of HK$1,342 million, similar to the previous year. After tax profit amounted to HK$54 million compared to a loss of HK$14 million last year. Earnings per share were HK$0.044 in the current period.

The 2009 results were severely impacted by the one-off costs incurred from our strategic decision to exit from our Brand business, together with the termination of a Share Acquisition Agreement. In order to provide a meaningful comparison, after adjusting for these items, the 2009 HK$14 million loss reported in that year would have been a profit of HK$12.1 million. On this basis, the 2010 after tax profit represents an increase of 344% over the adjusted prior period.

MANUFACTURING

During the year, our core OEM business achieved global sales of 42.9 million units of brassieres compared to 45.8 million units in 2009.

Our first half accounted for 20.2 million units, compared to 24.4 million units in 2009. In our second half we sold 22.7 million units compared to 21.4 million units in 2009.

Following the market weakness experienced in 2009, the latter months of the calendar year and our second half of the fiscal year benefited from the market recovery. During the fiscal year, in monetary terms, 65% of our sales were to the US market compared to 66% in the previous year. The EU accounted for 21% (23% in the previous year) and the rest of the world 14% (11% in the previous year).

Gross margin improved from 19% to 22% as we trimmed our most expensive capacity as well as low margin sales. Production was migrated to our most effective locations and, in order to broaden our labour sources, smaller new facilities were developed. For the majority of the year, our performance was aided by the relatively stabilized environment in China where minimum wage levels and the tax rebate on imported materials for processing and export of textile and garment products remained unchanged.

China accounted for 56% of our global capacity, Thailand 33%, and the Philippines 11%.

FINANCIAL POSITION

The financial position of the Group remains robust with shareholders' funds standing at HK$550.7 million as at 30 June 2010 compared with HK$545.8 million at the previous year end.

As of 30 June 2010, bank balances and cash stood at HK$220.6 million. Credit facilities available to the Group amounted to HK$150 million whilst gearing remained at an insignificant level.

As detailed in note 6 of this announcement, subsequent to the balance sheet date the Group reached a full and final settlement with the IRD relating to the tax audit for the years of assessment 2002/03 to 2009/10. Additional income tax of HK$16,037,000 has been charged to the consolidated income statement for the year ended 30 June 2010.

Capital expenditure during the year amounted to HK$19.3 million.

CORPORATE

The costs attributable to our corporate cost center amounted to HK$14 million compared to HK$15.8 million in the previous year after adjusting one-off charges incurred during that year.

OUTLOOK

In early summer 2010, the Chinese Government announced increases of between 10-25% in minimum wage levels in the industrial regions of the country and our manufacturing locations are no exception. This, together with a dwindling supply of labour in Southern China, and the relatively recent decision to allow the RMB to appreciate against the US dollar in a controlled manner, will inevitably impact on costs. The weakening EURO may impact on our business with the EU. While less than 8% of our revenues are received in that currency, the weakening currency may discourage consumption and erode margin if we fail to pass on the cost to customers.

Current customer demand, however, remains healthy. We will, in appropriate locations, continue to expand our capacity to meet that demand as well as continuing our rigorous approach to controlling our costs, and to diversify our global capacities.

We remain confident in the sustainability of our manufacturing operations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 30 June 2010.

CORPORATE GOVERNANCE

The Group continues to commit itself to maintaining high standards of corporate governance principles and practices with an emphasis on enhancing transparency and accountability and ensuring the application of these principles and practices within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large.

During the year under review, the Company has complied with the code provisions as well as some recommended best practices of the Code on Corporate Governance Practices ("Code Provisions") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange except for the following deviations:

Code Provision 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 and 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 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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed their independence and concluded that all the Independent Non-executive Directors are independent.

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 have complied with the required standard as set out in the Model Code during the year.

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 30 June 2010, the Group has approximately 10,675 employees (30 June 2009: approximately 10,692 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.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements for the year ended 30 June 2010.

DIVIDEND

The Board recommends the payment of a final dividend of HK$0.025 (2009: HK$0.025) per share to shareholders whose names appear on the register of members of the Company on Thursday, 4 November 2010. The proposed final dividend, if approved at the forthcoming annual general meeting, will be paid on Friday, 12 November 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 November 2010 to Thursday, 4 November 2010, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend and attend the Company's annual general meeting, 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 by no later than 4:30 p.m. on Monday, 1 November 2010. A circular incorporating a notice of the annual general meeting will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 17 September 2010

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Fung Wai Yiu and Mr. Wong Chung Chong, Eddie as Executive Directors, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as Non-executive Directors, 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.