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 2012

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 2012 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Revenue	*2*	**1,132,391**	1,339,798
Cost of sales		**(963,910)**	(1,080,724)
Gross profit		**168,481**	259,074
Other income and gains		**6,500**	11,134
Selling and distribution expenses		**(43,358)**	(22,260)
General and administrative expenses		**(170,014)**	(168,814)
Other expenses	*3*	**(22,428)**	(7,441)
Finance costs		**(373)**	(32)
(Loss) profit before taxation	*4*	**(61,192)**	71,661
Income tax credit (expense)	*5*	**28**	(14,955)
(Loss) profit for the year		**(61,164)**	56,706

* *For identification purpose only*

	Note	**2012**	2011
	Note	***HK$'000***	*HK$'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(60,028)**	55,241
Non-controlling interests		**(1,136)**	1,465
		(61,164)	56,706
(Loss) earnings per share	*7*		
Basic		**HK(5.6) cents**	HK5.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year	**(61,164)**	56,706
Other comprehensive (expense) income		
Exchange differences arising on translation of foreign operations	**(4,190)**	842
Gain on revaluation of properties upon transfer to investment properties	**49,033**	–
Deferred tax liability arising on gain on revaluation of properties	**(12,258)**	–
Total comprehensive (expense) income for the year	**(28,579)**	57,548
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(27,557)**	55,297
Non-controlling interests	**(1,022)**	2,251
	(28,579)	57,548

CONSOLIDATED BALANCE SHEET

At 30 June 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Non-current assets			
Property, plant and equipment		**153,654**	150,128
Prepaid lease payments		**1,719**	1,767
Investment properties		**49,294**	–
Prepaid rental payments		**5,008**	6,510
Interest in an associate		**–**	–
Deferred tax assets		**4,422**	529
		214,097	158,934
Current assets			
Inventories		**170,253**	181,521
Debtors and other receivables	*8*	**116,572**	132,743
Bills receivable	*9*	**30,960**	17,231
Prepaid lease payments		**48**	48
Tax recoverable		**4,224**	–
Bank balances and cash		**145,665**	222,773
		467,722	554,316
Current liabilities			
Creditors and accrued charges	*10*	**145,683**	107,443
Taxation		**2,242**	15,945
Bank borrowings and other liabilities			
– due within one year		**–**	2,555
Obligations under finance leases			
– due within one year		**–**	11
		147,925	125,954
Net current assets		**319,797**	428,362
Total assets less current liabilities		**533,894**	587,296

	2012	2011
	HK$'000	*HK$'000*
Non-current liabilities		
Retirement benefit obligations	**3,033**	2,002
Deferred tax liabilities	**15,614**	3,836
	18,647	5,838
	515,247	581,458
Capital and reserves		
Share capital	**107,519**	107,519
Reserves	**390,307**	455,496
Equity attributable to owners of the Company	**497,826**	563,015
Non-controlling interests	**17,421**	18,443
	515,247	581,458

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010 in relation to amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC) – Int 13
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement

The application of the new and revised HKFRSs has had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS	Annual Improvement to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 January 2015.

[3] Effective for annual periods beginning on or after 1 January 2012.

[4] Effective for annual periods beginning on or after 1 July 2012.

[5] Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

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, namely manufacturing and sale of ladies' intimate apparel, for the years ended 30 June 2012 and 2011.

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. All the Group's segment assets and liabilities are under the manufacturing business as at 30 June 2012 and 2011.

(a) Geographical information

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

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**29,933**	19,730	**8,143**	10,194
Cambodia	**–**	–	**16,063**	**–**
United States of America ("USA")	**605,978**	862,870	**–**	–
New Zealand	**50,754**	52,517	**–**	–
France	**72,322**	72,786	**–**	–
Belgium	**63,171**	63,181	**–**	–
The Netherlands	**90,650**	53,724	**–**	–
Canada	**23,070**	35,899	**–**	–
Germany	**21,794**	26,809	**–**	–
Spain	**50,703**	25,213	**–**	–
United Kingdom ("UK")	**15,220**	32,087	**–**	–
The People's Republic of China ("PRC")	**13,039**	9,348	**135,437**	97,184
Thailand	**642**	1,896	**50,032**	51,027
Japan	**23,137**	23,896	**–**	–
Sri Lanka	**15,008**	7,983	**–**	–
Mexico	**12,081**	6,936	**–**	–
Others	**44,889**	44,923	**–**	–
	1,132,391	1,339,798	**209,675**	158,405

Note: Non-current assets exclude deferred tax assets.

(b) *Information about major customers*

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**235,682**	548,251
Customer B	**372,211**	291,869

3. OTHER EXPENSES

During the year ended 30 June 2012, a decision was made to cease manufacturing operations in Shenzhen, the PRC, resulting in severance payments and other costs amounting to approximately HK$22,428,000 being recognised in the consolidated income statement. The nature of the expenses were as follows:

	2012
	HK$'000
Provision for severance payments to employees	**16,737**
Impairment losses recognised in respect of property, plant and equipment	**3,950**
Other costs	**1,741**
	22,428

During the year ended 30 June 2011, a decision was made to cease manufacturing operations in the Republic of the Philippines resulting in severance payments and other costs amounting to approximately HK$7,441,000 being recognised in the consolidated income statement. The nature of the expenses were as follows:

	2011
	HK$'000
Severance payments to employees	10,478
Reversal of retirement benefit obligations previously recognised	(4,168)
Impairment losses recognised in respect of property, plant and equipment	59
Other costs	1,072
	7,441

4. (LOSS) PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**2,654**	2,569
Depreciation of property, plant and equipment	**29,518**	28,574
Reversal of allowance for obsolete inventories (included in costs of sales)	**(3,054)**	(3,179)
Release of prepaid lease payments	**48**	48
(Gain) loss on disposal of property, plant and equipment	**(10)**	1,401
Gross rental income from investment properties	**207**	–
Less: direct operating expenses from investment properties that generate rental income during the year	**(4)**	–
	203	–
Minimum lease payments paid under operating leases in respect of land and buildings	**14,046**	15,597
Cost of inventories recognised as an expense	**966,964**	1,083,903
Net exchange loss (gain)	**4,143**	(6,437)
Staff costs, including directors' emoluments	**374,513**	375,672
Interest income	**(1,273)**	(897)

5. INCOME TAX CREDIT (EXPENSE)

	2012	2011
	HK$'000	*HK$'000*
The credit (charge) comprises:		
Current tax		
Hong Kong	**(1,905)**	(11,555)
Other jurisdictions	**(2,620)**	(3,121)
	(4,525)	(14,676)
Over (under) provision in prior years		
Hong Kong	**341**	283
Other jurisdictions	**(161)**	(319)
	180	(36)
Deferred taxation		
Current year	**4,373**	(243)
	28	(14,955)

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

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 applicable to certain subsidiaries from 1 January 2012 onwards.

Certain subsidiaries of the Group operating in the PRC are eligible for tax holidays up to 31 December 2012 in respect of PRC income tax such that they are exempted from PRC income taxes for the two years starting from their first profit-making year, followed by a 50% deduction for the next three years. The PRC income tax charges are arrived at after taking into account of these tax incentives.

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

6. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2012 Interim – HK$0.01 (2011: 2011 interim dividend HK$0.015) per share	**10,752**	16,128
2011 Final – HK$0.025 (2011: 2010 final dividend HK$0.025) per share	**26,880**	26,880
	37,632	43,008

No final dividend has been proposed since the end of the reporting period (2011: HK$0.025 per share).

7. (LOSS) EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit attributable to the owners of the Company for the purpose of basic (loss) earnings per share	**(60,028)**	55,241

	Number of shares	
	2012	2011
Number of ordinary shares for the purpose of basic (loss) earnings per share	**1,075,188,125**	1,075,188,125

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

8. DEBTORS AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**99,596**	110,799
Other receivables	**16,976**	21,944
Total debtors and other receivables	**116,572**	132,743

Before accepting any new customers, the Group will assess the potential customer's credit quality. 93% (2011: 97%) of the trade debtors 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.

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**92,937**	107,674
31 – 60 days	**4,271**	2,669
61 – 90 days	**1,657**	35
Over 90 days	**731**	421
	99,596	110,799

9. BILLS RECEIVABLE

As at 30 June 2012 and 2011, 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$59,181,000 (2011: HK$45,495,000).

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**55,803**	43,748
31 – 60 days	**1,585**	1,502
61 – 90 days	**508**	223
Over 90 days	**1,285**	22
	59,181	45,495

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

The Group's operational focus is in its core Manufacturing activity, together with a Corporate cost centre.

	Revenue		Profit (loss/expenses)	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Manufacturing	**1,132,391**	1,339,798	**(46,572)**	86,651
Corporate	**–**	–	**(14,620)**	(14,990)
	1,132,391	1,339,798	**(61,192)**	71,661

For the year ended 30 June 2012, the Group recorded manufacturing sales revenues of HK$1,132 million compared to HK$1,340 million in the previous year.

The loss before taxation amounted to HK$61.2 million against a profit of HK$71.7 million in fiscal 2011. After tax loss was HK$61.2 million compared to a profit of HK$56.7 million.

The loss per share was HK5.6 cents compared to earnings of HK5.1 cents in the previous year. As a consequence of the above, a profit warning was announced on 3 July 2012.

MANUFACTURING

During the year, our core OEM business recorded global sales of 32.4 million units of brassieres compared to 41.4 million units in 2011.

Our first half accounted for 16.6 million units compared to 23.5 million units in 2011. In our second half, we sold 15.8 million units compared to 17.9 million units in 2011.

In monetary terms, 54% of our sales were to the US market compared to 64% in the previous year. The EU accounted for 28% (21% in the previous year) and the rest of the world 18% (15% in the previous year).

In the fiscal year, China accounted for 55% of our global capacity, regional Thailand 44% and Cambodia 1%.

In November 2011, sparked by a dispute between a worker and a production manager, the workforce of our Shenzhen plant staged a labour strike which ended after three working days upon satisfactory legal and administrative actions taken by the Company.

Towards the end of the fiscal year, we made the decision to cease manufacturing operations in the plant, primarily due to escalating labour costs. A number of supporting functions, including product development, remain at that location. Our exit costs totaled HK$22 million and are described in note 3 to the financial information as stated in this announcement.

Production in our plant in Thailand, located in the highlands near the Western border of the country, was not disrupted by the severe autumn flooding. Cargoes were routed around the flooded parts of the country which, however, resulted in additional logistic costs. The expansion of our operations in a nearby location to our existing plant was completed on plan in our first half and represents a 100% increase in our floor space. The expansion, however, encountered unexpected environmental and climate issues leading to a number of cancelled orders which resulted, amongst other things, in write offs of materials. Unscheduled overtime was necessary to meet delivery schedules and, where these were not able to be met, air freight costs were incurred during the year.

Following our strategic plan to pursue low cost production growth opportunities outside China, the Group in September 2011 secured a long term lease of factory premises in Phnom Penh, Cambodia. At the time of this report the plant has some 360 sewing operators.

Gross margin declined from 19% in fiscal 2011 to 15% in the current year, reflecting the escalating cost changes in China and the production issues in our Thailand plant.

FINANCIAL POSITION

The financial position of the Group remains healthy with shareholders' funds standing at HK$498 million as at 30 June 2012 compared with HK$563 million at the previous year end. Bank balances and cash stood at HK$146 million whilst credit facilities available to the Group amounted to HK$150 million and gearing remained at an insignificant level.

By the end of the year, we had rented out certain owned properties in Shenzhen and accordingly the properties are reclassified as investment properties which are revalued by an external professional valuer at a fair value of approximately HK$49 million, of which HK$37 million (net of tax) is credited to the asset revaluation reserve.

Capital expenditure during the year, which was primarily related to the development of the Cambodian plant, amounted to HK$39.1 million compared to HK$39.4 million in the previous year.

CORPORATE

The costs attributable to our corporate cost centre amounted to HK$14.6 million compared to HK$15 million in the previous year.

OUTLOOK

We do not expect an upturn in the business environment in the coming year with markets remaining volatile and challenging. Our market focus remains directed to the less price sensitive business.

We will continue with our strategy of shifting our production to our most effective locations and searching out new low cost facilities in the Asian region.

We are also confident that many of the one off operation issues affecting the performance of our business are now behind us. We shall focus on building up the productivity of our new plant recently set up in Cambodia, and on improving the cost efficiency of the rest of the 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 2012.

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.

With the amendments of the Corporate Governance Code which is set out in Appendix 14 to the Rules (the"Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited coming into effect from 1 April 2012 and amendments to associated Listing Rules, the Company has, throughout the year under review, complied with the former code provisions and, as from the implementation date of the revised code provisions ("Code Provisions"), complied with the Code Provisions and most of the recommended best practices, 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 complied with the required standard as set out in the Model Code throughout the year 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 30 June 2012, the Group had employed approximately 7,847 employees (30 June 2011: approximately 8,316 employees). The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. 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 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 2012.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

For the purpose of ascertaining the shareholders' rights of attending and voting at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 2 November 2012 to Tuesday, 6 November 2012, both days inclusive, during which period no transfer of shares shall be effected. In order to be entitled to attend the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 1 November 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company's website at www.topformbras.com. The annual report for the year ended 30 June 2012 and a circular incorporating a notice of the annual general meeting will be available on the websites mentioned above and 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, 6 September 2012

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.