



TOP FORM INTERNATIONAL LIMITED

TOP FORM INTERNATIONAL LIMITED ANNOUNCED FY2008 ANNUAL RESULTS

(Stock Code: 333)

Highlights

- Revenue decreased by 6.7% to HK\$1.37 billion for fiscal year 2008
- Full year net profit after tax fell to HK\$53.3 million, a 60.8% decrease from last fiscal year
- Basic EPS of HK\$0.054, a decrease from HK\$0.124 last fiscal year
- The Board of Directors does not recommend the payment of a final dividend for the year
- 49.4 million pieces of brassiere products shipped in FY 2008

Hong Kong, September 22, 2008 – Top Form International Limited (“TFI”; Stock Code: 333), the largest OEM brassiere manufacturer in the world, announced today its annual results for the year ended June 30, 2008.

TFI recorded a decrease in revenue from HK\$ 1.47 billion in fiscal year 2007 to HK\$1.37 billion, representing a decrease of 6.7%. Sales in the second half of the year accounted for 50.1% of revenue. Net profit before tax decreased 60.8% from HK\$166.8 million in 2007 to HK\$65.4 million in 2008.

Basic earnings per share for 2008 were HK\$0.054 as compared to HK\$0.124 in the previous fiscal year. The Board of Directors does not recommend the payment of a final dividend for the year.

The Company’s OEM business remains the main driver of the Group’s overall performance, accounting for 99% of the Group’s total revenue. TFI shipped 49.4 million bras during the year compared to 55.5 million in the previous year.

The year saw continuous deterioration in the operating environments in China and Thailand. Most significant of these were the increases in minimum wages, labour and power shortages, a reduction in the tax rebate from 13% to 11% on imported materials for processing and export of textile and garment products and the appreciation of the RMB against the US dollar. These have all impacted on the company’s operating cost. In Thailand, TFI took steps to lower cost through closing down one plant near Bangkok by natural attrition while moving the operation to a new factory located near the Western border of Thailand where labour supply is more accessible.

The year also saw continuing weakness in the US market. The economic downturn has impacted demand, particularly evident in the mass markets, while the trend of sourcing out with China continues. Retailers are sourcing directly from Asia through local buying offices. Cost is increasingly a major factor in sourcing decisions. Frequent changes in fashion contribute to short production cycles and small order sizes.

Despite the challenging operating environment, the financial position of the Group continues to be healthy. As at June 30, 2008, cash and bank balances totalled HK\$211.7 million, down 17.5% from HK\$256.4 million in the previous year.

Revenue from the Group’s branded business amounted to HK\$20.6 million compared to HK\$19.1 million. Operating losses, which were in line with expectations during this build up period, amounted to HK\$9.6 million for the fiscal year 2008 compared to HK\$1.2 million in the previous year. TFI continues to focus on expanding its distribution network for its ‘MX Lingerie’ brand in China. As at 30 June 2008, TFI maintained 24 sales counters in department stores in Shenzhen and 1 in Chengdu, while 4 counters were terminated due to their unsatisfactory sales performance



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On 30 July 2008, TFI announced its acquisition of ACE Style Intimate Apparel Ltd (ASIAL) and related companies for a total consideration of HK\$303,331,957. On 5 Sept 2008, a SGM was held for the acquisition. TFI's shareholders cast their votes for and passed the resolution regarding the Acquisition of a 100% interest in the target companies. The Acquisition is subject to conditions precedent being satisfied.

Mr Willie Fung, Chairman of TFI, commented, "In meeting the external challenges arising from softer demand from the US, currency appreciation, rising wages and labour shortages in China, the consolidation helps us to strengthen our business model and position for the future challenges. Top Form and ACE Style have different and complementary competitive advantages. In meshing the strengths, expertise and capacities of the two companies, it will solidify the enlarged Group as the leading supplier in the brassiere trade in terms of size, product capabilities, value-added services and diversity in global operations."

Commenting on the outlook for the industry in the next twelve months, Mr Fung said, "The US is heavily clouded by the credit risks. There is the concern that it may soon affect the EU market. In Asia, the rising costs and the difficult operating environment have resulted in profit erosion for manufacturing operations. To combat the challenges, we maintained our strategy of shifting production in higher cost areas to plants in lower cost areas. Through the acquisition of ACE Style, we adjust our product and customer mix to position our company in the new landscape of business.

- End -

About Top Form International Limited

Top Form International Limited (Stock Code: 333) is the largest OEM manufacturer of brassieres in the world. Its principal subsidiaries are engaged in the design, manufacture, distribution, and wholesale of ladies' intimate apparel, principally brassieres. Its customers are located in the United States, Europe and Asia. The Company also operates two brands in Asia: Marguerite Lee and MX Lingerie. The Company's manufacturing facilities are located in Thailand, the Philippines and Mainland China. Further information is available at www.topformbras.com.

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**TOP FORM INTERNATIONAL LIMITED****Consolidated income statement**

(For the year ended 30 June 2008)

	2008 HK\$'000	2007 HK\$'000
Revenue	1,368,682	1,467,496
Cost of sales	(1,079,835)	(1,115,411)
Gross profit	288,847	352,085
Other income	13,409	26,108
Selling and distribution expenses	(57,590)	(51,597)
General and administrative expenses	(178,838)	(159,396)
Finance costs	(394)	(362)
Profit before taxation	65,434	166,838
Taxation	(12,095)	(30,743)
Profit for the year	53,339	136,095
Attributable to:		
Equity holders of the Company	57,966	132,967
Minority interests	(4,627)	3,128
	53,339	136,095
Earnings per share		
Basic	HK\$0.054	HK\$0.124



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Consolidated balance sheet

(At 30 June 2008)

	2008 HK\$'000	2007 HK\$'000
Non-current assets		
Property, plant and equipment	171,627	177,268
Prepaid lease payments	1,965	2,077
Prepaid rental payments	6,113	3,134
Interests in an associate	--	--
Deferred tax assets	4,030	--
	183,735	182,479
Current assets		
Inventories	230,210	197,462
Debtors, deposit and repayments	189,381	166,394
Bills receivable	16,255	12,818
Prepaid lease payments	112	112
Bank balances and cash	211,659	256,435
	647,617	633,221
Current liabilities		
Creditors and accrued charges	133,769	130,447
Taxation	102,567	96,744
Bank borrowings and other liabilities - due within one year	5,018	4,700
Obligations under finance leases - due within one year	165	211
	241,519	232,102
Net current assets	406,098	401,119
Total assets less current liabilities	589,833	583,598
Non-current liabilities		
Bank borrowings and other liabilities - due after one year	23	224
Obligations under finance leases - due after one year	262	41
Retirement benefit obligations	5,762	4,263
Deferred tax liabilities	6,933	10,416
	12,980	14,944
	576,853	568,654
Capital and Reserves		
Share Capital	107,519	107,630
Reserves	450,899	438,640
Equity attributable to equity holders of the Company	558,418	546,270
Minority Interests	18,435	22,384
	576,853	568,654