



# TOP FORM

INTERNATIONAL LIMITED

STOCK CODE: 333

Interim Report 2012

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2011

	Notes	For the six months ended	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue		570,880	748,583
Cost of sales		(477,134)	(591,302)
Gross profit		93,746	157,281
Other income and gains		3,227	9,894
Selling and distribution expenses		(18,953)	(11,838)
General and administrative expenses		(87,147)	(86,041)
Other expenses	4	–	(7,421)
Finance costs		(7)	(12)
(Loss) profit before taxation	5	(9,134)	61,863
Income tax expense	6	(554)	(11,824)
(Loss) profit for the period		(9,688)	50,039
(Loss) profit for the period attributable to:			
Owners of the Company		(10,138)	47,001
Non-controlling interests		450	3,038
		(9,688)	50,039
(Loss) earnings per share	8		
Basic		(0.9) cents	4.4 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
(Loss) profit for the period	<b>(9,688)</b>	50,039
<b>Other comprehensive (expense) income</b>		
Exchange differences arising on translation of foreign operations	<b>(3,315)</b>	1,584
Total comprehensive (expense) income for the period	<b>(13,003)</b>	51,623
Total comprehensive (expense) income attributable to:		
Owners of the Company	<b>(13,702)</b>	47,911
Non-controlling interests	<b>699</b>	3,712
	<b>(13,003)</b>	51,623

# CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2011

		<b>31 December 2011 (Unaudited) HK\$'000</b>	30 June 2011 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>160,972</b>	150,128
Prepaid lease payments		<b>1,743</b>	1,767
Prepaid rental payments		<b>5,660</b>	6,510
Interest in an associate		–	–
Deferred tax assets		<b>2,196</b>	529
		<b>170,571</b>	158,934
<b>Current assets</b>			
Inventories		<b>208,140</b>	181,521
Debtors and other receivables	10	<b>143,303</b>	132,743
Bills receivable	11	<b>25,113</b>	17,231
Prepaid lease payments		<b>48</b>	48
Tax recoverable		<b>4,458</b>	–
Bank balances and cash		<b>128,842</b>	222,773
		<b>509,904</b>	554,316
<b>Current liabilities</b>			
Creditors and accrued charges	12	<b>131,949</b>	107,443
Taxation		<b>1,780</b>	15,945
Bank borrowings and other liabilities			
– due within one year	13	–	2,555
Obligations under finance leases			
– due within one year		–	11
		<b>133,729</b>	125,954
<b>Net current assets</b>		<b>376,175</b>	428,362
<b>Total assets less current liabilities</b>		<b>546,746</b>	587,296

		<b>31 December 2011 (Unaudited) HK\$'000</b>	30 June 2011 (Audited) HK\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Retirement benefit obligations		<b>2,002</b>	2,002
Deferred tax liabilities		<b>3,169</b>	3,836
		<b>5,171</b>	5,838
<b>Net assets</b>		<b>541,575</b>	581,458
<b>Capital and reserves</b>			
Share capital	14	<b>107,519</b>	107,519
Reserves		<b>414,914</b>	455,496
Equity attributable to owners of the Company		<b>522,433</b>	563,015
Non-controlling interests		<b>19,142</b>	18,443
<b>Total equity</b>		<b>541,575</b>	581,458

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000 <i>(note)</i>	Translation reserve HK\$'000	Retained profits HK\$'000			
At 1 July 2010 (audited)	107,519	1,499	233	7,139	15,448	418,888	550,726	23,822	574,548
Exchange difference arising on translation of overseas operations	-	-	-	-	910	-	910	674	1,584
Profit for the period	-	-	-	-	-	47,001	47,001	3,038	50,039
Total comprehensive income for the period	-	-	-	-	910	47,001	47,911	3,712	51,623
Dividends recognised as distribution <i>(note 7)</i>	-	-	-	-	-	(26,880)	(26,880)	(1,800)	(28,680)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(1,830)	(1,830)
At 31 December 2010 (unaudited)	107,519	1,499	233	7,139	16,358	439,009	571,757	23,904	595,661
Exchange difference arising on translation of overseas operations	-	-	-	-	(854)	-	(854)	112	(742)
Profit (loss) for the period	-	-	-	-	-	8,240	8,240	(1,573)	6,667
Total comprehensive (expense) income for the period	-	-	-	-	(854)	8,240	7,386	(1,461)	5,925
Dividends recognised as distribution <i>(note 7)</i>	-	-	-	-	-	(16,128)	(16,128)	(4,000)	(20,128)
At 30 June 2011 (audited)	107,519	1,499	233	7,139	15,504	431,121	563,015	18,443	581,458
Exchange difference arising on translation of overseas operations	-	-	-	-	(3,564)	-	(3,564)	249	(3,315)
(Loss) profit for the period	-	-	-	-	-	(10,138)	(10,138)	450	(9,688)
Total comprehensive (expense) income for the period	-	-	-	-	(3,564)	(10,138)	(13,702)	699	(13,003)
Dividends recognised as distribution <i>(note 7)</i>	-	-	-	-	-	(26,880)	(26,880)	-	(26,880)
At 31 December 2011 (unaudited)	107,519	1,499	233	7,139	11,940	394,103	522,433	19,142	541,575

*Note:* Special reserve represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of share capital of companies forming the Group, pursuant to the group reorganisation in 1991.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2011

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash (used in) generated from operating activities	<b>(34,269)</b>	32,621
Net cash used in investing activities:		
Purchase of property, plant and equipment	<b>(26,357)</b>	(15,145)
Proceeds from disposal of property, plant and equipment	<b>165</b>	460
Interest income	<b>613</b>	369
	<b>(25,579)</b>	(14,316)
Net cash used in financing activities:		
Dividend paid	<b>(26,880)</b>	(26,880)
Repayment of bank borrowings	<b>(5,324)</b>	(6,121)
Acquisition of additional interests in a subsidiary	–	(1,830)
Dividend paid to non-controlling interests of a subsidiary	–	(1,800)
Repayment of obligations under finance leases	<b>(11)</b>	(91)
New borrowings raised	<b>2,769</b>	5,571
	<b>(29,446)</b>	(31,151)
Net decrease in cash and cash equivalents	<b>(89,294)</b>	(12,846)
Cash and cash equivalents at the beginning of the period	<b>222,773</b>	220,646
Effect of foreign exchange rate changes	<b>(4,637)</b>	(661)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<b>128,842</b>	207,139

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2011

## 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 "Stock Exchange") 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 and method of computation 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 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the 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 HKAS 24 (as revised in 2009)	Disclosures – Transfer to Financial Assets 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 condensed consolidated financial statements of the Group for the current or prior accounting periods.



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

Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>4</sup>
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets <sup>3</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2012.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>5</sup> 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.

### 3. 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 six months ended 31 December 2011 and 31 December 2010.

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 is the consolidated profit after tax.

All the Group's assets and liabilities are under the manufacturing business as at 31 December 2011 and 30 June 2011.

### 4. OTHER EXPENSES

During the six months ended 31 December 2010, a decision was made to cease manufacturing operations in the plant in the Republic of the Philippines resulting in severance payments and other costs amounting to approximately HK\$7,421,000 being recognised in the condensed consolidated income statement during the six months ended 31 December 2010. The nature of the expense was as follows:

	For the six months ended 31 December 2010 (Unaudited) 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	1,052
	<hr/>
	7,421
	<hr/> <hr/>

## 5. (LOSS) PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	14,329	14,379
Amortisation of prepaid lease payments	24	24
Loss (gain) on disposal of property, plant and equipment	61	(301)
Exchange loss (gain), net	3,532	(7,363)
Interest income	(613)	(369)
	<u>          </u>	<u>          </u>

## 6. INCOME TAX EXPENSE

	For the six months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	1,156	8,646
Other jurisdictions	1,732	3,210
	<u>2,888</u>	<u>11,856</u>
Deferred tax:		
Credit for the period	(2,334)	(32)
	<u>554</u>	<u>11,824</u>

Hong Kong Profits Tax rate used is 16.5% for the six months ended 31 December 2011 (six months ended 31 December 2010: 16.5%).

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.

## 7. DIVIDENDS

	<b>For the six months ended 31 December</b>	
	<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
Dividends recognised as distribution during the period:		
2011 final dividend paid: HK\$0.025 per share (2010: 2010 final dividend of HK\$0.025 per share) on 1,075,188,125 shares	<b>26,880</b>	26,880
Dividend declared:		
Interim dividend ( <i>Note</i> )	<b>10,752</b>	16,128

*Note:* Subsequent to the end of the interim reporting period, an interim dividend of HK\$0.01 per share (six months ended 31 December 2010: HK\$0.015 per share) has been declared by the directors of the Company for the six months ended 31 December 2011.

## 8. (LOSS) EARNINGS PER SHARE

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

	<b>For the six months ended 31 December</b>	
	<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
(Loss) profit for the period attributable to the owners of the Company for the purpose of basic (loss) earnings per share	<b>(10,138)</b>	47,001
	<b>Number of shares</b>	
Number of ordinary shares for the purpose of basic (loss) earnings per share	<b>1,075,188,125</b>	1,075,188,125

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

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to HK\$26,357,000 (six months ended 31 December 2010: HK\$15,145,000).

## 10. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK\$123,308,000 (at 30 June 2011: HK\$110,799,000). The Group allows an average credit period of 30 days to its trade customers.

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

	<b>At 31 December 2011 (Unaudited) HK\$'000</b>	At 30 June 2011 (Audited) HK\$'000
0 – 30 days	<b>116,820</b>	107,674
31 – 60 days	<b>5,233</b>	2,669
61 – 90 days	<b>877</b>	35
Over 90 days	<b>378</b>	421
	<hr/> <b>123,308</b> <hr/>	<hr/> 110,799 <hr/>

## 11. BILLS RECEIVABLE

As at 31 December 2011 and 30 June 2011, all bills receivable are aged within 30 days. The Group does not hold any collateral over these balances.

## 12. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK\$72,978,000 (at 30 June 2011: HK\$45,495,000).

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

	<b>At 31 December 2011 (Unaudited) HK\$'000</b>	At 30 June 2011 (Audited) HK\$'000
0 – 30 days	66,883	43,748
31 – 60 days	4,785	1,502
61 – 90 days	374	223
Over 90 days	936	22
	<hr/>	<hr/>
	<b>72,978</b>	45,495
	<hr/> <hr/>	<hr/> <hr/>

## 13. BANK BORROWINGS AND OTHER LIABILITIES

	<b>At 31 December 2011 (Unaudited) HK\$'000</b>	At 30 June 2011 (Audited) HK\$'000
Bank borrowings – trust receipts and import loans	–	2,555
<i>Less:</i> Amount due within one year shown as current liabilities	–	(2,555)
	<hr/>	<hr/>
Amount due after one year	–	–
	<hr/> <hr/>	<hr/> <hr/>

## 14. SHARE CAPITAL

	<b>31 December 2011</b>	30 June 2011	<b>31 December 2011</b>	30 June 2011
	<b>Number of shares</b>	Number of shares	<b>HK\$'000</b>	HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning and end of the period/year	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning and end of the period/year	<u>1,075,188,125</u>	<u>1,075,188,125</u>	<u>107,519</u>	<u>107,519</u>

## 15. OPERATING LEASE COMMITMENTS

At 31 December 2011, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

	<b>At 31 December 2011</b>	At 30 June 2011
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>10,800</b>	8,581
In the second to fifth year inclusive	<b>19,944</b>	16,402
Over five years	<b>20,553</b>	10,123
	<u><b>51,297</b></u>	<u>35,106</u>

Leases are negotiated for lease terms of one to fifteen years with fixed rental over the terms of the relevant leases.

## 16. RELATED PARTY DISCLOSURE

- (a) During the period, the Group processed supplied materials and delivered the finished products to a related company, Van de Velde N.V. ("VdV") for revenue of approximately HK\$30,299,000 (for the six months ended 31 December 2010: HK\$29,646,000).

As at 31 December 2011, the balance of trade receivables from VdV amounted to approximately HK\$3,209,000 (at 30 June 2011: HK\$2,575,000) was included in debtors and other receivables.

As at 31 December 2011 and 30 June 2011, 25.66% of the Company's ordinary shares were held by VdV.

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the period was as follows:

	For the six months ended	
	31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other benefits	7,577	6,914
Retirement benefit scheme contributions	30	17
	<u>7,607</u>	<u>6,931</u>

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.



### TO THE BOARD OF DIRECTORS OF TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司

*(incorporated in Bermuda with limited liability)*

#### Introduction

We have reviewed the interim financial information set out on pages 1 to 15, which comprises the condensed consolidated balance sheet of Top Form International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 December 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

23 February 2012

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2011, the Group recorded a loss after taxation of HK\$9.7 million compared with a profit of HK\$50 million in the corresponding period last year. As a consequence of the above, a profit warning was announced on 12 January 2012.

During the period, in monetary terms, 57% of our sales were to the US market compared to 65% in the corresponding period last year. The EU accounted for 27% (20% in the corresponding period last year) and the rest of the world accounted for 16% (15% in the same period last year).

Unit sales for the current period were 16.6 million units compared to 23.5 million in the first half of last fiscal year. The reduced level of sales reflects continued deterioration in all markets leading, inter alia, to a number of cancelled orders and capacity bookings in the 2nd quarter. The loss of sales, associated provisions against inventory which, together with ongoing labour cost increases in the PRC, adversely impacted the gross profit margin.

China accounted for 54% of our global capacity. In November, 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 to resolve matters with the workforce.

Thailand during the six months accounted for 46% of our global capacity. Despite the months long flood that brought much of the manufacturing and business activities in the country to a halt, the Group's production facilities located in the highlands near the western border of the country were not disrupted, save for the extra logistics costs resulting from routing our cargos around the flooded parts of the country. In the meantime, the expansion of our Thailand operations was completed on plan in terms of structure and headcount. We have taken delivery of and started operations in the new factory building which, together with the old plant, represents a 100% increase in floor space. The expansion, however, encountered some operational issues which led to delays in shipments and impacted sales.

Following our strategic plan to migrate part of the high cost production in China to low cost regions outside of China, the Group in September secured a long term lease of factory premises in Phnom Penh, Cambodia. In November, we started training of about 150 new sewing operators and recruitments are on-going depending on production needs. This new operation, when matured, could accommodate up to 1,200 sewing operators and ultimately add around 20% output to our current capacity.

Corporate expenditure for the period amounted to HK\$7.2 million compared to HK\$7.4 million in the corresponding period last year and capital expenditure was HK\$26 million, primarily related to the development of the Cambodian plant.

The financial position of the Group remains healthy with shareholders' funds standing at HK\$522 million as at 31 December 2011. Credit facilities available to the Group amounted to HK\$150 million.

Your Board of Directors has resolved to pay an interim dividend of HK\$0.01 per share. An interim dividend of HK\$0.015 per share was paid last year.

We are prudent in our business outlook and do not expect an upturn in the business environment or financial performance in the near future. We will continue looking for low cost production growth opportunities outside China which will necessarily lead to contingent costs and will likely impact margins in the short term. Our Cambodian plant is positively viewed by our customers.

## DIRECTORS' INTERESTS

As at 31 December 2011, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### Long positions:

#### *Ordinary shares of HK\$0.10 each of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Fung Wai Yiu	Beneficial owner and interests held by spouse ( <i>note 1</i> )	43,308,521	4.03%
Wong Chung Chong, Eddie	Beneficial owner and interests held by spouse and trust ( <i>note 2</i> )	195,272,118	18.16%
Wong Kai Chi, Kenneth	Beneficiary of trust ( <i>note 3</i> )	175,591,597	16.33%
Wong Kai Chung, Kevin	Beneficiary of trust ( <i>note 3</i> )	175,591,597	16.33%
Marvin Bienenfeld	Beneficial owner	870,521	0.08%
Chow Yu Chun, Alexander	Beneficial owner	3,400,521	0.32%
Leung Churk Yin, Jeanny	Beneficial owner	70,521	0.01%
Leung Ying Wah, Lambert	Beneficial owner	400,000	0.04%
Herman Van de Velde	Interests held by controlled corporation ( <i>note 4</i> )	275,923,544	25.66%

*Notes:*

1. 23,092,521 shares were beneficially owned by Mr. Fung Wai Yiu ("Mr. Fung") whereas 20,216,000 shares were held by the spouse of Mr. Fung.
2. 18,580,521 shares were beneficially owned by Mr. Wong Chung Chong, Eddie ("Mr. Wong") or his nominees whereas 1,100,000 shares were held by the spouse of Mr. Wong and 175,591,597 shares were registered in the name of High Union Holdings Inc., the shares of which were held by Safeguard Trustee Limited, a trustee of a family trust of which the family members of Mr. Wong were eligible beneficiaries.
3. 175,591,597 shares were registered in the name of High Union Holdings Inc., the shares of which were held by Safeguard Trustee Limited, a trustee of Mr. Wong's family trust of which Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin were eligible beneficiaries.
4. 275,923,544 shares were held by Van de Velde N.V. ("VdV"). Mr. Herman Van de Velde held an indirect equity interest in Van de Velde Holding N.V. which in turn directly held 56.26% of the equity interest of VdV.

Certain nominee shares in the Company's subsidiaries were held by Mr. Wong in trust for the Company's subsidiaries as at 31 December 2011.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2011, the interests and short positions of the persons (other than the Directors) in the shares, underlying shares and debentures of the Company as recorded in the register maintained by the Company pursuant to section 336 of the SFO were as follows:–

### **Long positions:**

#### ***Ordinary shares of HK\$0.10 each of the Company***

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Van de Velde N.V.	Beneficial owner	275,923,544	25.66%
High Union Holdings Inc.	Beneficial owner	175,591,597	16.33%
V.F. Corporation	Beneficial owner	106,000,000	9.86%

## SHARE OPTIONS

Pursuant to a resolution passed on 3 November 2011 (the “Adoption Date”), the Company’s share option scheme adopted on 22 November 2001 (the “Old Scheme”) was terminated and a new share option scheme (the “Scheme”) was adopted for the primary purpose of providing incentives or rewards to the Directors, employees or any other persons at the discretion of the Board of Directors, and the Scheme will expire on 2 November 2021. Under the Scheme, the Board of Directors of the Company may grant options to any employees, including executives or officers of the Company and its subsidiaries and any other persons at the discretion of the Board to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue on the Adoption Date, being 107,518,812 shares (the “Scheme Limit”). With prior approval from the Company’s shareholders, the Company may refresh the Scheme Limit by 10% of the shares of the Company in issue as at the date of such shareholders’ approval. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. Options granted to a substantial shareholder or an independent non-executive director in any 12-month period which is in excess of 0.1% of the Company’s share capital and with a value in excess of HK\$5 million must be approved in advance by the Company’s shareholders.

Options granted must be taken up within 14 days of the date of grant, upon payment of HK\$1 per grant. Options may generally be exercised at any time from the second anniversary of the date of acceptance to the tenth anniversary of the date of grant. In each grant of options, the Board of Directors of the Company may at their discretion determine the specific exercise period. The exercise price is determined by the Directors of the Company and will not be less than the highest of the closing price of the Company’s shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the shares.

During the six months ended 31 December 2011, no outstanding options were held by Directors and employees of the Company, and no options were granted, exercised, cancelled or lapsed under the Old Scheme and the Scheme.

## 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 2011.

## INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.01 per share for the six months ended 31 December 2011 (six months ended 31 December 2010: HK\$0.015 per share). Shareholders whose names appear on the register of members of the Company on Monday, 19 March 2012 will be entitled to the interim dividend which will be paid on Monday, 26 March 2012.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 March 2012 to Monday, 19 March 2012, both days inclusive, during which period no transfer of shares shall be effected. 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 by no later than 4:30 p.m. on Wednesday, 14 March 2012.

## 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 2011 has been reviewed by the Audit Committee and Messrs. Deloitte Touche Tohmatsu, auditor of the Company.

## CORPORATE GOVERNANCE

During the six months ended 31 December 2011, 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 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.

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 but not less than one-third shall retire from office provided that notwithstanding anything herein, the Chairman 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" (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 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 2011, the Group had approximately 8,222 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. 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, 23 February 2012