



TOP FORM
INTERNATIONAL LIMITED

STOCK CODE: 333

Interim Report 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2012

	Notes	For the six months ended 31 December	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue		547,759	570,880
Cost of sales		(458,140)	(477,134)
Gross profit		89,619	93,746
Other income and gains		8,427	3,227
Selling and distribution expenses		(17,196)	(18,953)
General and administrative expenses		(83,601)	(87,147)
Finance costs		(93)	(7)
Loss before taxation	4	(2,844)	(9,134)
Income tax expense	5	(459)	(554)
Loss for the period		(3,303)	(9,688)
(Loss) profit for the period attributable to:			
Owners of the Company		(3,350)	(10,138)
Non-controlling interests		47	450
		(3,303)	(9,688)
Loss per share	7		
Basic		0.3 cents	0.9 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2012

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(3,303)	(9,688)
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	2,903	(3,315)
Total comprehensive expense for the period	(400)	(13,003)
Total comprehensive income (expense) attributable to:		
Owners of the Company	(532)	(13,702)
Non-controlling interests	132	699
	(400)	(13,003)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

		31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	144,197	153,654
Prepaid lease payments		1,696	1,719
Investment properties	8	50,241	49,294
Prepaid rental payments		4,569	5,008
Interest in an associate		–	–
Deferred tax assets		4,264	4,422
		204,967	214,097
Current assets			
Inventories		182,430	170,253
Debtors and other receivables	9	145,795	116,572
Bills receivable	10	12,109	30,960
Prepaid lease payments		48	48
Tax recoverable		2,327	4,224
Bank balances and cash		121,793	145,665
		464,502	467,722
Current liabilities			
Creditors and accrued charges	11	134,854	145,683
Taxation		1,770	2,242
Bank borrowings and other liabilities – due within one year	12	337	–
		136,961	147,925
Net current assets		327,541	319,797
Total assets less current liabilities		532,508	533,894

		31 December 2012 (Unaudited) HK\$'000	30 June 2012 (Audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Retirement benefit obligations		3,033	3,033
Deferred tax liabilities		14,628	15,614
		17,661	18,647
Net assets			
		514,847	515,247
Capital and reserves			
Share capital	<i>13</i>	107,519	107,519
Reserves		389,775	390,307
Equity attributable to owners of the Company		497,294	497,826
Non-controlling interests		17,553	17,421
Total equity		514,847	515,247

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012

	Attributable to owners of the Company							Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Special reserve	Asset revaluation reserve	Translation reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 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 (note 6)	-	-	-	-	-	-	(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
Exchange difference arising on translation of overseas operations	-	-	-	-	-	(740)	-	(740)	(135)	(875)
Gain on revaluation of property upon transfer to investment property	-	-	-	-	49,033	-	-	49,033	-	49,033
Deferred tax liability arising on gain on revaluation of properties	-	-	-	-	(12,258)	-	-	(12,258)	-	(12,258)
Loss for the period	-	-	-	-	-	-	(49,890)	(49,890)	(1,586)	(51,476)
Total comprehensive (expense) income for the period	-	-	-	-	36,775	(740)	(49,890)	(13,855)	(1,721)	(15,576)
Dividends recognised as distribution (note 6)	-	-	-	-	-	-	(10,752)	(10,752)	-	(10,752)
At 30 June 2012 (audited)	107,519	1,499	233	7,139	36,775	11,200	333,461	497,826	17,421	515,247
Exchange difference arising on translation of overseas operations	-	-	-	-	-	2,818	-	2,818	85	2,903
(Loss) profit for the period	-	-	-	-	-	-	(3,350)	(3,350)	47	(3,303)
Total comprehensive (expense) income for the period	-	-	-	-	-	2,818	(3,350)	(532)	132	(400)
At 31 December 2012 (unaudited)	107,519	1,499	233	7,139	36,775	14,018	330,111	497,294	17,553	514,847

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 2012

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(21,563)	(34,262)
Net cash used in investing activities:		
Purchase of property, plant and equipment	(3,891)	(26,357)
Proceeds from disposal of property, plant and equipment	198	165
Interest income	713	613
	(2,980)	(25,579)
Net cash from (used in) financing activities:		
Dividend paid	–	(26,880)
Interest paid	(93)	(7)
Repayment of bank borrowings	(468)	(5,324)
Repayment of obligations under finance leases	–	(11)
New borrowings raised	805	2,769
	244	(29,453)
Net decrease in cash and cash equivalents	(24,299)	(89,294)
Cash and cash equivalents at the beginning of the period	145,665	222,773
Effect of foreign exchange rate changes	427	(4,637)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	121,793	128,842

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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 for the six months ended 31 December 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7	Financial Instruments in Disclosures – Transfer to Financial Assets
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The director of the Company anticipate that the application of the other amendments to HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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 2012 and 31 December 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 loss is the consolidated loss after tax.

All the Group's assets and liabilities are under the manufacturing business as at 31 December 2012 and 30 June 2012.

4. LOSS BEFORE TAXATION

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	15,220	14,329
Amortisation of prepaid lease payments	24	24
Loss on disposal of property, plant and equipment	72	61
Exchange (gain) loss, net	(2,201)	3,532
Interest income	(713)	(613)
	<u> </u>	<u> </u>

5. INCOME TAX EXPENSE

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	544	1,156
Other jurisdictions	743	1,732
	<u>1,287</u>	<u>2,888</u>
Deferred tax:		
Credit for the period	(828)	(2,334)
	<u>459</u>	<u>554</u>

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

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 and unrealised loss on inventory.

6. DIVIDENDS

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2012 final dividend paid: HK\$nil per share (2011: 2011 final dividend of HK\$0.025 per share)	—	26,880
Dividend declared:		
Interim dividend (<i>Note</i>)	—	10,752

Note: No interim dividend has been proposed since the end of the interim reporting period (2011: HK\$0.01 per share).

7. LOSS PER SHARE

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

	For the six months ended	
	31 December	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	(3,350)	(10,138)
	Number of shares	
Number of ordinary shares for the purpose of basic loss per share	1,075,188,125	1,075,188,125

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

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, additions of property, plant and equipment amounted to HK\$3,891,000 (six months ended 31 December 2011: HK\$26,357,000).

The Group's investment properties as at the end of the current interim period were fair valued by the directors with reference to the market trend of the rental market and current rents of the properties being held under existing tenancies. There has been no change in fair value of the investment properties for the six months ended 31 December 2012 (six months ended 31 December 2011: HK\$nil).

9. DEBTORS AND OTHER RECEIVABLES

Included in the balance are trade debtors of HK\$123,398,000 (at 30 June 2012: HK\$99,596,000). The Group allows an average credit period of 30 days to its trade customers.

The management of the Company assesses the credit quality of the trade debtors based on the payment due date. An aged analysis of trade debtors based on the payment due date, at the end of the reporting period is as follows:

	At 31 December 2012 (Unaudited) HK\$'000	At 30 June 2012 (Audited) HK\$'000
Current	99,702	82,480
1 – 30 days	19,923	14,255
31 – 60 days	2,915	1,976
Over 60 days	858	885
	<hr/> 123,398 <hr/>	<hr/> 99,596 <hr/>

10. BILLS RECEIVABLE

As at 31 December 2012 and 30 June 2012, all bills receivable are aged within 30 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\$53,353,000 (at 30 June 2012: HK\$59,181,000).

An aged analysis of trade creditors based on the payment due date at the end of the reporting period is as follows:

	At 31 December 2012 (Unaudited) HK\$'000	At 30 June 2012 (Audited) HK\$'000
Current	40,604	50,147
1 – 30 days	10,220	5,656
31 – 60 days	1,081	1,585
Over 60 days	1,448	1,793
	<u>53,353</u>	<u>59,181</u>

12. BANK BORROWINGS AND OTHER LIABILITIES

	At 31 December 2012 (Unaudited) HK\$'000	At 30 June 2012 (Audited) HK\$'000
Bank borrowings – trust receipts and import loans	337	–
Less: Amount due within one year shown as current liabilities	<u>(337)</u>	<u>–</u>
Amount due after one year	<u>–</u>	<u>–</u>

Note: These borrowings were unsecured, interest bearing at the Singapore International Rate +0.8% per annum and repayable within one year.

13. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 July 2011, 31 December 2011, 1 July 2012 and 31 December 2012	1,500,000,000	150,000
Issued and fully paid:		
At 1 July 2011, 31 December 2011, 1 July 2012 and 31 December 2012	1,075,188,125	107,519

14. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2012, the Group had future aggregate minimum lease payment under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

	At 31 December 2012 (Unaudited) HK\$'000	At 30 June 2012 (Audited) HK\$'000
Within one year	9,276	8,938
In the second to fifth year inclusive	14,442	18,061
Over five years	8,879	19,015
	32,597	46,014

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

The Group as lessor

At 31 December 2012, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 December 2012 (Unaudited) HK\$'000	At 30 June 2012 (Audited) HK\$'000
Within one year	1,604	2,410
In the second to fifth year inclusive	811	981
Over five years	85	183
	2,500	3,574

15. 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\$33,155,000 (for the six months ended 31 December 2011: HK\$30,299,000).

As at 31 December 2012, the balance of trade receivables from VdV amounted to approximately HK\$3,413,000 (at 30 June 2012: HK\$3,472,000) was included in debtors and other receivables.

As at 31 December 2012 and 30 June 2012, 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 2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Salaries and other benefits	7,601	7,577
Retirement benefit scheme contributions	36	30
	7,637	7,607

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 condensed consolidated financial statements of Top Form International Limited and its subsidiaries set out on pages 1 to 14, which comprises the condensed consolidated statement of financial position as of 31 December 2012 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements consists of making inquiries 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22 February 2013

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2012, the Group recorded a loss after taxation of HK\$3.3 million compared with a loss of HK\$9.7 million in the corresponding period last year.

During the period, in monetary terms, 48% of our sales were to the US market whilst sales to the EU represented 27% and the rest of the world accounted for 25%. The markets continued to be challenging and price sensitive.

Unit sales for the current period were 15.1 million units compared to 16.6 million in the first half of the last fiscal year.

China accounted for 57% of our global capacity, regional Thailand 38% and Cambodia 5%.

Gross margin improved from 13% in the second half of fiscal 2012 to 16% for the current period. The closure of the manufacturing operations in our Shenzhen plant during the first quarter of the fiscal year had a positive effect on the cost efficiency of our PRC operations in aggregate. The operational issues in Thailand, which negatively impacted our performance in the 2012 fiscal year, have been satisfactorily addressed. Since 1 April 2012, the daily minimum wage in Thailand has increased by 40%. This increase in labor costs has had a negative impact to our gross margin for the current period. However, the productivity of our Thailand plants has been rebuilt satisfactorily during the second quarter of the fiscal year. The gross margin for the current period has remained at 16% as compared with the corresponding period last year.

The expansion of our new Cambodian plant, which currently contributed some 5% of our global capacity, is ongoing. It is expected that when fully operational, it will represent 15% of our global capacity at a reasonable cost.

Corporate expenditure for the period amounted to HK\$7.4 million compared to HK\$7.2 million in the corresponding period last year and capital expenditure was HK\$3.9 million.

The financial position of the Group remains healthy with shareholders' funds standing at HK\$497 million as at 31 December 2012. Credit facilities available to the Group amounted to HK\$150 million.

Your Board, having taken into account the current business climate, our cash position and reinvestment needs, has resolved not to pay an interim dividend. An interim dividend of HK\$0.01 per share was paid last year.

We do not see any significant changes in our markets in the near future. We will continue to focus on the less price sensitive business.

The increases in the minimum wage in Thailand and anticipated increases in the PRC will inevitably impact our manufacturing operations. To mitigate the cost pressure our focus is on improving efficiency in all locations, continuing the build up of productivity in our Cambodian plant and maintaining rigorous cost controls in all areas of the Group's business.

DIRECTORS' INTERESTS

As at 31 December 2012, 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

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
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:

- 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.
- 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.
- 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.
- 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 2012.

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 2012, 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

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
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 2012, 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 2012.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: HK\$0.01 per share).

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 2012 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 2012, the Company has complied with the code provisions set out in the Corporate Governance Code 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 inside 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 2012, the Group had employed approximately 7,140 employees (30 June 2012: approximately 7,847 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, 22 February 2013