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TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

DISCLOSEABLE TRANSACTION PROVISION OF LOANS TO AN ASSOCIATED COMPANY

PROVISION OF LOANS

On 1 July 2020, 2 November 2020 and 1 April 2021, the Lender, an indirect wholly-owned subsidiary of the Company and the Borrower, a company indirectly owned as to 29.6% by the Company through the Lender, entered into the Loan Agreements, pursuant to which the Lender had provided the Loans to the Borrower during the period from 6 July 2020 to 28 September 2021 in the aggregate amount of approximately US\$2.78 million (equivalent to HK\$21.6 million). The maximum principal amount of the Loans that can be drawn under the Loan Agreements, after aggregated, is US\$3.0 million (equivalent to HK\$23.3 million).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Loans exceed 5% but are all less than 25%, the provision of the Loans under the Loan Agreements in aggregate constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification purpose only*

PROVISION OF LOANS

On 1 July 2020, 2 November 2020 and 1 April 2021, the Lender, an indirect wholly-owned subsidiary of the Company and the Borrower, a company indirectly owned as to 29.6% by the Company through the Lender, entered into the Loan Agreements, pursuant to which the Lender had provided the Loans to the Borrower during the period from 6 July 2020 to 28 September 2021 in the aggregate amount of approximately US\$2.78 million (equivalent to HK\$21.6 million). The maximum principal amount of the Loans that can be drawn under the Loan Agreements, after aggregated, is US\$3.0 million (equivalent to HK\$23.3 million).

A summary of the principal terms of the Loan Agreements are set out below:

THE LOAN AGREEMENTS

| | | |
|-----------------------------|---|--|
| Date of the Loan Agreements | : | 1 July 2020, 2 November 2020 and 1 April 2021 |
| Lender | : | Top Form Brassiere Mfg. Co., Limited, an indirect wholly-owned subsidiary of the Company |
| Borrower | : | PT Bintang Abadi Persada, a company owned as to 29.6% by the Company through the Lender |
| Principal | : | The maximum principal amount of the Loans that can be drawn under the Loan Agreements, after aggregated, is US\$3.0 million (equivalent to HK\$23.3 million). As at the date of this announcement, an aggregate amount of US\$2.78 million (equivalent to HK\$21.6 million) was advanced from the Lender to the Borrower |
| Interest rates | : | 3% to 5% per annum (depending on each Loan) |
| Term | : | 24 months commencing from (i) the date of the relevant Loan Agreement in respect of the first two Loan Agreements dated 1 July 2020 and 2 November 2020, or (ii) 30 January 2023 (in respect of the remaining Loan Agreement dated 1 April 2021) |
| Security | : | Nil |
| Repayment | : | In respect of the first two Loan Agreements dated 1 July 2020 and 2 November 2020, the Borrower must repay the relevant Loan (including any unpaid sums) on or before the expiration of the term of the relevant Loan Agreement; in respect of the remaining Loan Agreement dated 1 April 2021, the Borrower shall repay in monthly installment over 24 months starting from 30 January 2023 |

FUNDING OF THE LOANS

The Group has financed the Loans from its internal resources.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in Indonesia which is principally a manufacturer of women intimate apparel in Central Java, Indonesia. The Borrower is held by the Lender as to 29.6% and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower is held as to 35.2% by Ms. Ratri Wijayanti and 35.2% by Ms. Irma Prameswari at the time when the first Loan Agreement was entered into and both of them are Independent Third Parties. On 20 September 2020, Ms. Ratri Wijayanti transferred her entire shareholding in the Borrower to Ms. Suwarni Tersebut who is also an Independent Third Party. The Borrower is accounted for as an associated company (in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants) of the Company.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in the design, manufacture and distribution of ladies' intimate apparel, principally brassieres. The Lender is a company incorporated in Hong Kong with limited liability and is principally engaged in the manufacture and trading of ladies' underwear. The Lender is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS

The terms of the Loan Agreements, including the interest rates, were arrived at after negotiations on an arm's length basis between the Lender and the Borrower based on normal commercial terms, and were determined with reference to, inter alia, the prevailing market interest rates.

The Borrower was part of the Group's strategy to shift its manufacturing capacity from China to its plants in Southeast Asia. This enables the Group to have a low-cost manufacturing plant in Indonesia, and hence reduce its reliance on its production capacity in China. It will also be conducive for the Group to serve its customers in the United States as the products manufactured in China are subject to additional tariffs.

Due to the outbreak of the novel coronavirus pandemic, the Borrower's business was temporarily suspended in the second quarter of 2020 and was loss-making during the said period. Its operation gradually resumed normality thereafter and more funding was needed in this connection. Against such backdrop, the Loans were advanced from the Lender to the Borrower as working capital to fund its operational needs such as the procurement of materials and expansion of production capacity. Taking into account the factors above, the Directors consider that the entering into of the Loan Agreements is on normal commercial terms, and the terms thereof (including the interest rates) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Loans exceed 5% but are all less than 25%, the provision of the Loans under the Loan Agreements in aggregate constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Due to inadvertent omission and unintentional oversight, the Company has not complied with Rule 14.34 of the Listing Rules by timely announcing the transaction(s) contemplated under or pursuant to the Loan Agreements in accordance with the requirements of the Listing Rules.

To ensure the Company's compliance with all applicable disclosure requirements of the Listing Rules and all other relevant laws and regulations, and to prevent the recurrence of similar events in the future, the Company will (i) review its internal control procedures on monitoring the continuing disclosure obligations arising from business developments and/or transactions; and (ii) identify weaknesses in the internal control procedures and suggest areas of improvement to the Board; and (iii) seek advice from professional advisers as to any action required to be taken in relation to proposed transactions where necessary in the future.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

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| “Board” | the board of Directors |
| “Borrower” | PT Bintang Abadi Persada, a company incorporated under the laws of the Republic of Indonesia with limited liability and owned as to 29.6% by the Company through the Lender |
| “Company” | Top Form International Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 333) |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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| “Independent Third Party(ies)” | any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates |
| “Lender” | Top Form Brassiere Mfg. Co., Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated under the laws of Hong Kong with limited liability |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loans”, and each a “Loan” | the loan(s) granted or to be granted by the Lender to the Borrower under the Loan Agreements, with the maximum principal amount that can be drawn under the Loan Agreements being, when aggregated, US\$3.0 million (equivalent to HK\$23.3 million). During the period from 6 July 2020 to 28 September 2021, various loans in the aggregate amount of US\$2.78 million (equivalent to HK\$21.6 million) were granted by the Lender to the Borrower under the Loan Agreements |
| “Loan Agreements”, and each a “Loan Agreement” | the loan agreements dated 1 July 2020, 2 November 2020 and 1 April 2021 and entered into between the Borrower as borrower and the Lender as the lender for the provision of the Loans |
| “PRC” or “China” | the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

By order of the Board
Top Form International Limited
Wong Chung Chong
Chairman

Hong Kong, 28 September 2021

As at the date of this announcement, the Board comprises Mr. Wong Chung Chong, Mr. Wong Kai Chung, Kevin and Mr. Wong Kai Chi, Kenneth as executive Directors; Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive Directors; and Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive Directors.