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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Top Form International Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively “**Top Form**” or the “**Group**”) for the six months ended 31 December 2024 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 31 December 2024 – unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)*

		Six months ended 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	3	642,389	513,747
Cost of sales		(521,903)	(403,227)
Gross profit		120,486	110,520
Other net income	4	10,990	12,381
Selling and distribution expenses		(27,130)	(16,642)
General and administrative expenses		(108,552)	(107,807)
Loss from operations		(4,206)	(1,548)

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 31 December 2024 – unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended	
		31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
Loss from operations		(4,206)	(1,548)
Finance costs	5(a)	(12,247)	(8,464)
Share of profit of a joint venture		2,113	1,844
Share of profit of associates		180	209
		<u> </u>	<u> </u>
Loss before taxation	5	(14,160)	(7,959)
Income tax expense	6	(1,613)	(1,575)
		<u> </u>	<u> </u>
Loss for the period		(15,773)	(9,534)
		<u> </u>	<u> </u>
Attributable to:			
Equity shareholders of the Company		(17,773)	(12,981)
Non-controlling interests		2,000	3,447
		<u> </u>	<u> </u>
Loss for the period		(15,773)	(9,534)
		<u> </u>	<u> </u>
Loss per share (HK cents)	8		
Basic and diluted		(5.90)	(4.31)
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2024 – unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)*

	Six months ended	
	31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(15,773)	(9,534)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of operations outside Hong Kong		
– subsidiaries	9,946	2,116
– a joint venture	(225)	468
– associates	56	(232)
Other comprehensive income for the period, net of income tax	9,777	2,352
Total comprehensive expense for the period	(5,996)	(7,182)
Attributable to:		
Equity shareholders of the Company	(7,216)	(11,237)
Non-controlling interests	1,220	4,055
Total comprehensive expense for the period	(5,996)	(7,182)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024 – unaudited

(Expressed in Hong Kong dollars unless otherwise indicated)

		At 31 December 2024	At 30 June 2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		160,185	161,879
Investment properties		147,765	149,121
Interest in a joint venture		29,869	27,981
Interests in associates		5,815	5,579
Other financial assets		2,838	2,838
Deferred tax assets		447	452
Deposits		1,623	4,328
		<u>348,542</u>	<u>352,178</u>
Current assets			
Inventories		170,679	170,384
Trade and other receivables	9	232,270	178,531
Bank balances and cash		47,094	102,263
		<u>450,043</u>	<u>451,178</u>
Current liabilities			
Trade and other payables	10	241,325	223,542
Unsecured bank loans		86,600	91,951
Lease liabilities		13,802	13,878
Current tax payable		5,978	6,303
		<u>347,705</u>	<u>335,674</u>
Net current assets		<u>102,338</u>	<u>115,504</u>
Total assets less current liabilities		<u>450,880</u>	<u>467,682</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2024 – unaudited

(Expressed in Hong Kong dollars unless otherwise indicated)

	At 31 December 2024 HK\$'000	At 30 June 2024 HK\$'000
Non-current liabilities		
Lease liabilities	10,167	11,405
Retirement benefit obligations	8,644	8,373
Deferred tax liabilities	32,531	32,870
Other payable	9,500	19,000
	<u>60,842</u>	<u>71,648</u>
Net assets	<u>390,038</u>	<u>396,034</u>
Capital and reserves		
Share capital	147,940	147,940
Reserves	219,468	226,684
Equity attributable to equity shareholders of the Company	367,408	374,624
Non-controlling interests	<u>22,630</u>	<u>21,410</u>
Total equity	<u>390,038</u>	<u>396,034</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 31 December 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim results announcement has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 25 February 2025.

The interim financial result has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements. The 2024 annual financial statements represent the consolidated financial statements for the year ended 30 June 2024, which was approved and authorised for issue by the board of directors on 26 September 2024. Details of any changes in accounting policies are set out in note 2.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this results announcement.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT INFORMATION

Revenue represents the sale value of goods and is within the scope of HKFRS 15, *Revenue from contracts with customers*. The Group manages its business as a single unit and, accordingly, the manufacturing and sale of ladies’ intimate apparel is the only reportable segment and virtually all of the revenue and operating profits is derived from this business segment. The unaudited consolidated financial statements are already presented in a manner consistent with the way in which information is reported internally to the Company’s executive directors, being the chief operating decision maker, for the purposes of resources allocation and operating performance review.

The chief operating decision maker regularly assesses available production capacity on a plant by plant basis, however, no discrete financial information is available for each plant for the purpose of resources allocation and operating performance review. The chief operating decision maker reviews financial information on a consolidated basis. Accordingly, no separate business segment information is disclosed.

The accounting policies adopted for the preparation of the financial information reviewed by executive directors are the same as those adopted in preparing the Group’s financial statements. 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 assets and liabilities are under the manufacturing business as at 31 December 2024 and 30 June 2024.

4 OTHER NET INCOME

	Six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Gross rental income from investment properties	6,362	6,032
Government grants (<i>note (i)</i>)	834	1,714
Sample income	572	469
Interest income	177	858
(Loss)/gain on disposal of property, plant and equipment, net	(17)	272
Others	3,062	3,036
	<u>10,990</u>	<u>12,381</u>

Note:

- (i) During the period ended 31 December 2024, the Group received government grants of HK\$834,000 (2023: HK\$1,714,000) from the Mainland China Government.

There are no unfulfilled conditions and other contingencies attached to the receipts of these government subsidies. There is no assurance that the Group will continue to receive such government subsidies in the future.

5 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
(a) Finance costs		
Interest expense on bank borrowings	3,191	3,978
Interest on lease liabilities	680	978
Other bank charges	8,376	3,508
	<u>12,247</u>	<u>8,464</u>
(b) Other items		
Depreciation charge		
– property, plant and equipment	14,277	14,223
– right-of-use assets	6,435	6,783
Reversal of allowance for obsolete inventories (included in cost of sales)	(1,501)	(2,323)
Net exchange gain	(1,617)	(1,873)
	<u>(1,617)</u>	<u>(1,873)</u>

6 INCOME TAX EXPENSE

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	130	186
Other jurisdictions	1,624	1,484
Over-provision in prior year	(146)	–
	<u>1,608</u>	<u>1,670</u>
Deferred tax:		
Origination and reversal of temporary differences	5	(95)
	<u>5</u>	<u>(95)</u>
	<u>1,613</u>	<u>1,575</u>

6 INCOME TAX EXPENSE (CONTINUED)

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits for this subsidiary was calculated at the same basis for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

7 DIVIDENDS

No interim dividend declared and paid after the interim period end (six months ended 31 December 2023: Nil).

8 LOSS PER SHARE

(a) Basic loss per share

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

	Six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period attributable to the equity shareholders of the Company for the purpose of computing basic loss per share	<u>(17,773)</u>	<u>(12,981)</u>
	Number of	Number of
	shares	shares
Number of weighted average of ordinary shares for the purpose of computing basic loss per share	<u>301,052,675</u>	<u>301,052,675</u>

(b) Diluted loss per share

Diluted loss per share for the periods ended 31 December 2024 and 31 December 2023 are same as the basic loss per share as the share options outstanding during the respective periods had no dilutive effect on the basic loss per share. There are no dilutive potential ordinary shares for both periods.

9 TRADE AND OTHER RECEIVABLES

	At 31 December 2024 <i>HK\$'000</i>	At 30 June 2024 <i>HK\$'000</i>
Trade receivables at amortised cost, net of loss allowance	191,478	132,453
Trade receivables to be factored at fair value through other comprehensive income (“FVOCI”) (recycling)	4,185	20,704
Other receivables	<u>36,607</u>	<u>25,374</u>
	<u>232,270</u>	<u>178,531</u>

All of the trade and other receivables are expected to be recovered within one year.

As part of the Group’s cash flow management, the Group has the practice of factoring some of the trade receivables to financial institutions before the trade receivables are due for repayment and derecognises factored trade receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

As at 31 December 2024 and 30 June 2024, the fair value changes on trade receivables at FVOCI (recycling) are insignificant and accordingly, no fair value changes are recognised in equity as FVOCI reserve.

Ageing analysis

At the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At 31 December 2024 <i>HK\$'000</i>	At 30 June 2024 <i>HK\$'000</i>
1 – 90 days	194,174	151,662
91 – 180 days	<u>1,489</u>	<u>1,495</u>
	<u>195,663</u>	<u>153,157</u>

Trade receivables are due within 10 days to 90 days from the date of billing.

10 TRADE AND OTHER PAYABLES

Included in the balance are trade payables of HK\$148,885,000 (at 30 June 2024: HK\$152,486,000). Other payables mainly represented accrued freight charges, salaries and other operating expenses.

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

An ageing analysis of trade payables, based on the payment due date at the end of the reporting period is as follows:

	At 31 December 2024 <i>HK\$'000</i>	At 30 June 2024 <i>HK\$'000</i>
Current	75,529	87,811
1 – 30 days past due	32,025	38,438
31 – 60 days past due	16,042	13,199
Over 60 days past due	<u>25,289</u>	<u>13,038</u>
	<u>148,885</u>	<u>152,486</u>

As the average credit period on purchases of goods is ranged from 30 days to 60 days, a majority of the balances which as disclosed above are within 90 days from the invoice date. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy is navigating through various challenges and uncertainties. The Federal Reserve expects to cut the federal funds rate at a slower pace than previously anticipated due to a solid United States (the “U.S.”) economy and unexpectedly strong inflation data. Additionally, the strengthened U.S. dollar tends to depress global trade. The increasing global economic uncertainties and escalating trade conflicts are likely to impact global supply chains, consumer confidence and investment decisions, which potentially dampen economic activity and heighten volatility in financial markets. The uncertainties surrounding U.S. policies and geopolitical tensions continue to cast a shadow over the economic landscape.

During the Period, the Group’s revenue increased by 25.0% to HK\$642.4 million. This was mainly attributable to increase in demand from our major customers in the U.S.

To enhance operational efficiency and achieve cost savings, our production facility in Indonesia was scheduled to be temporarily suspended for operation from August 2024 and resumed full operation in November 2024. This suspension resulted in additional manufacturing costs and subcontracting charges of approximately HK\$8.4 million, and the additional delivery costs of approximately HK\$6.9 million during the Period. The management team has made concerted efforts to minimize the impact on the Group by reallocating sales orders to other Asian manufacturing plants or subcontractors and coordinating with customers and service providers to minimize the associated costs.

During the Period, in monetary terms and delivery locations, 74% of our sales were to the U.S. market whilst the sales to the Europe represented 14% and the rest of the world accounted for 12%. From the supply side, the overseas manufacturing facilities in Asia ex-China accounted for 74% of the global production output whilst China accounted for the remaining 26% during the Period.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by 25.0% to HK\$642.4 million for the Period from HK\$513.7 million for the six months ended 31 December 2023. This increase in revenue was mainly attributable to increase in demand from our major customers in the U.S.

Gross Profit

Gross profit increased to HK\$120.5 million for the Period from HK\$110.5 million in the last corresponding period with the gross profit margin decreased from 21.5% to 18.8%. We have incurred additional manufacturing costs and sub-contracting charges of approximately HK\$8.4 million during the Period due to the temporary suspension of production facility in Indonesia, which was the major cause of the lowered gross profit margin.

Other Net Income

Other net income decreased to HK\$11.0 million for the Period from HK\$12.4 million in the last corresponding period.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised of freight and transportation costs, employee benefits of sales and sales support personnel, and sample costs. The Group's selling and distribution expenses increased to HK\$27.1 million for the Period, up from HK\$16.6 million in the last corresponding period. The increase in selling and distribution expenses was mainly attributable to the additional delivery costs of HK\$6.9 million related to the temporary operation suspension.

General and Administrative Expenses

The Group's general and administrative expenses increased by 0.7% to HK\$108.6 million for the Period, which was similar to last corresponding period of HK\$107.8 million.

Finance Costs

The Group's finance costs mainly represent interest expenses on bank borrowings, interest on lease liabilities and other bank charges. The finance costs increased from HK\$8.5 million for the six months ended 31 December 2023 to HK\$12.2 million for the Period. The increase in finance costs was primarily driven by the increase in other bank charges.

Loss for the Period

The Group recorded a net loss of HK\$15.8 million for the Period, as compared to a net loss of HK\$9.5 million in the corresponding period last year. Excluding the additional manufacturing and sub-contracting charges of HK\$8.4 million and the delivery costs of HK\$6.9 million related to the temporary operation suspension, the normalised net loss for the Period would be HK\$0.5 million.

FINANCIAL POSITION

As at 31 December 2024, the Group's bank balances and cash was HK\$47.1 million (at 30 June 2024: HK\$102.3 million) whilst the total bank borrowings was HK\$86.6 million (at 30 June 2024: HK\$92.0 million) and the gearing ratio was 22.2% (at 30 June 2024: 23.2%), which was calculated as total interest-bearing bank borrowings divided by total equity. As at 30 June 2024 and 31 December 2024, the Group did not have assets pledged for bank borrowings.

The Group strives to improve the working capital management and focus on the overall cash conversion cycle days which are calculated by adding the inventory turnover days and receivables turnover days and subtracting the payables turnover days. For the six months ended 31 December 2024, the cash conversion cycle days were negative 14 days as compared to negative 8 days for the year ended 30 June 2024.

	For the six months/ year ended	
	31 December 2024 (Days)	30 June 2024 (Days)
Inventory turnover days	60	57
Receivables turnover days	50	54
Payables turnover days	124	119
Cash conversion cycle days	(14)	(8)

Capital expenditure during the Period amounted to HK\$7.1 million of which the majority was for the machineries and equipment.

FOREIGN EXCHANGE RISK

The Group is mainly exposed to fluctuations in exchange rates of U.S. dollars, Thai Baht, Renminbi, HK dollars, Indonesia Rupiah, and Sri Lanka Rupee. Majority of the sales revenue are denominated in U.S. dollars, the foreign exchange exposure in respect of U.S. dollars against HK dollars is considered minimal as HK dollars pegged with U.S. dollars. The Group manages its foreign exchange exposure by performing regular review and by taking prudent measures to minimize the currency translation risk.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group did not conduct any significant investments, material acquisitions and disposals.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period and up to the date of this announcement.

OUTLOOK AND FUTURE DEVELOPMENT

As we look ahead, the global economic landscape is becoming increasingly complex and uncertain, exacerbated by ongoing geopolitical conflicts. These factors contribute to heightened economic and market unpredictability. We anticipate that interest rates will remain elevated amid persistent inflation. Top Form remains vigilant in the face of these continuing macroeconomic uncertainties. With the challenging environment, we expect customer demand to remain volatile in the near term.

Given these headwinds, Top Form’s strategy – centered on innovation, strategic verticality, high-touch service, and a multi-country footprint – enable us to navigate uncertain market conditions with efficiency, flexibility, and resilience. Simultaneously, we will continue to focus on controlling costs, improving efficiency, and optimizing resources in the immediate term.

Top Form is equipped to face the challenges ahead, leveraging its strengths to seize opportunities and achieve sustainable growth. With the strong foundation we have built over the years, Top Form is prepared in our ability to adapt to the dynamic changes in the business landscape.

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 2024.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

AUDIT COMMITTEE

The Audit Committee comprises Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert, Mr. Wang Man Hon, Sidney and Mr. Tai Lun, Paul, 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 financial reporting matters, internal controls and risk management systems.

The Company’s unaudited interim financial report for the six months ended 31 December 2024 has been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

The Company has, during the six months ended 31 December 2024, complied with the code provisions as set out in the Corporate Governance Code, Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), except for the following deviation.

Code Provision B.2.2 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 shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire 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 role of Chairman and, in consequence, the Board is of the view that the Chairman 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 C3 to the Listing Rules of the Stock Exchange as its own code for dealing in securities of the Company by the Directors. Based on specific enquiry made with all Directors, the Company considers that the Directors complied with the required standard as set out in the Model Code throughout the period under review.

Employees who are likely to be in possession of 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 2024, the Group had employed approximately 6,690 employees (30 June 2024: approximately 6,740 employees). The remuneration policy and package of the Group’s employees are structured by reference to the prevailing market conditions 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.

INTERIM REPORT

The interim report 2025 of the Company containing all the information required by the Listing Rules will be dispatched to shareholders of the Company (if requested) and will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.topform.group) in due course.

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

Hong Kong, 25 February 2025

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. Herman Van de Velde and Ms. Lien Van de Velde as non-executive Directors; and Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert, Mr. Wang Man Hon, Sidney and Mr. Tai Lun, Paul as independent non-executive Directors.