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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)

OPERATIONAL UPDATE FOR 1ST QUARTER OF FISCAL 2024

This announcement is made by Top Form International Limited (the “**Company**”) and its subsidiaries (collectively “**Top Form**” or the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

In continuation of the efforts to enhance the transparency of the Group, the board (the “**Board**”) of directors (the “**Directors**”) of the Company announces the following operational update for the first quarter for the year ending 30 June 2024 (the “**Fiscal 2024**”).

SALES

During the quarter, the Group has achieved sales of HK\$230.4 million, which was 25% lower compared with corresponding period in the prior year. This was mainly driven by soft demand from our major customers in the United States (the “**U.S.**”) and coupled with the seasonality of the Group’s sales. During the quarter, 73% of sales were to the U.S. market, 16% to the Europe and 11% to the rest of the world.

MANUFACTURING

Production from the overseas manufacturing facilities in Asia ex-China accounted for 64% of the global output with China accounted for the remaining 36% during the quarter. The utilization of our manufacturing capacity was still impacted by the soft demand and the seasonality of customers’ orders, in particular our South East Asia facilities as majority of our U.S. customer orders were produced there. In view of the situation, we have started to consolidate and proactively level-loading our manufacturing capacity in order to reduce operating costs and also improve utilization rate.

During the quarter, gross profit margin was lower as compared with the same period last year as lower sales was achieved and the change of customer and product mix.

* *For identification purpose only*

FINANCIAL POSITION

During the quarter, the Group maintains a capital structure with a gearing ratio of 31.2%.

OUTLOOK

As the fiscal year progresses, Top Form believes the worst of this downturn has passed, and we anticipate an improvement in the marketplace, which should lead to better business performance over the coming months.

Throughout the past twelve months, brands and retailers in the U.S. and Europe have taken important actions to reduce inventory, which should lead to likely restocking in the start of 2024. Based on our current order book, Top Form anticipates that sales in the coming months should progressively improve, marking an increase compared to the corresponding period last year.

In the face of economic and market uncertainty, Top Form remains steadfast in our commitment to cost control, efficiency enhancement, and resource optimization. Every action we take, from building strategic manufacturing footprints and verticality across Asia to strengthening relationships with our customers through best-in-class service and innovative designs, reflects our dedication to these principles. Additionally, our investments in people development underscore our belief in the importance of a skilled and motivated workforce.

With a solid foundation laid over the years, Top Form is confident in our ability to successfully navigate through business cycles while positioning ourselves to capitalize on the changes and opportunities that will inevitably arise in the years ahead.

The Board wishes to remind investors that the above operational update for the first quarter of Fiscal 2024 is based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such information.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 30 November 2023

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 and Mr. Wang Man Hon Sidney as independent non-executive Directors.