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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 2020

INTERIM RESULTS

The board (the “Board”) of directors (the “Director”) 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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2020 – unaudited

		Six months ended	
		31 December	
		2020	2019
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	638,724	644,620
Cost of sales		<u>(517,073)</u>	<u>(537,271)</u>
Gross profit		121,651	107,349
Other net income	4	45,717	7,938
Selling and distribution expenses		(34,985)	(19,545)
General and administrative expenses		<u>(99,429)</u>	<u>(108,661)</u>
Profit/(loss) from operations		32,954	(12,919)

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the six months ended 31 December 2020 – unaudited*

		Six months ended	
		31 December	
		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) from operations		32,954	(12,919)
Finance costs	5(a)	(2,919)	(1,606)
Share of profit of a joint venture		1,419	1,553
Share of profit of an associate		579	–
		<hr/>	<hr/>
Profit/(loss) before taxation	5	32,033	(12,972)
Income tax expense	6	(2,727)	(220)
		<hr/>	<hr/>
Profit/(loss) for the period		29,306	(13,192)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		24,699	(14,539)
Non-controlling interests		4,607	1,347
		<hr/>	<hr/>
Profit/(loss) for the period		29,306	(13,192)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share (HK cents)	8		
Basic and diluted		11.49	(6.76)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020 – unaudited

	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	29,306	(13,192)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of operations outside Hong Kong		
– subsidiaries	12,260	(412)
– a joint venture	1,967	(340)
Other comprehensive income for the period, net of income tax	14,227	(752)
Total comprehensive income for the period	43,533	(13,944)
Attributable to:		
Owners of the Company	38,922	(15,332)
Non-controlling interests	4,611	1,388
Total comprehensive income for the period	43,533	(13,944)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020 – unaudited

		At 31 December 2020 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		227,286	231,709
Investment properties		143,844	132,467
Interest in a joint venture		25,545	22,159
Interest in an associate		4,464	–
Other financial assets		2,838	2,838
Derivative financial instrument		1,403	1,403
Deferred tax assets		263	986
Prepayments and deposits		3,593	5,682
		<u>409,236</u>	<u>397,244</u>
Current assets			
Inventories		328,789	180,389
Trade and other receivables	9	174,632	143,369
Current tax recoverable		69	157
Bank balances and cash		76,425	122,903
		<u>579,915</u>	<u>446,818</u>
Current liabilities			
Trade payables and accrued charges	10	317,217	211,736
Unsecured bank loans		91,797	97,442
Lease liabilities		12,661	14,396
Current tax payable		4,037	2,005
		<u>425,712</u>	<u>325,579</u>
Net current assets		<u>154,203</u>	<u>121,239</u>
Total assets less current liabilities		<u>563,439</u>	<u>518,483</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2020 – unaudited

	At 31 December 2020 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	17,318	21,526
Retirement benefit obligations	3,828	3,110
Deferred tax liabilities	35,329	32,485
Other payables	6,695	12,692
	<u>63,170</u>	<u>69,813</u>
Net assets	<u>500,269</u>	<u>448,670</u>
Capital and reserves		
Share capital	107,519	107,519
Reserves	357,530	318,228
Equity attributable to owners of the Company	<u>465,049</u>	425,747
Non-controlling interests	<u>35,220</u>	22,923
Total equity	<u>500,269</u>	<u>448,670</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 31 December 2020

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 23 February 2021.

The interim financial result has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements. The 2020 annual financial statements represent the consolidated financial statements for the year ended 30 June 2020, which was approved and authorised for issue by the board of directors on 15 September 2020. 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 Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these developments has 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 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 2020 and 30 June 2020.

4 OTHER NET INCOME

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Gain on disposal of a property, net (<i>note (i)</i>)	27,868	–
Government grant (<i>note (ii)</i>)	10,755	1,160
Gross rental income from investment properties	5,285	5,189
Interest income	249	311
Sample income	757	285
Others	803	993
	<u>45,717</u>	<u>7,938</u>

- (i) During the six months ended 31 December 2020, the Group disposed of a self-owned property with net book value of HK\$Nil to an independent third party at a consideration of HK\$28,000,000, resulting in a net gain on disposal of HK\$27,868,000 after netting off the related transaction costs.
- (ii) During the six months ended 31 December 2020, the Group received government grants of HK\$10,755,000 (six months ended 31 December 2019: HK\$1,160,000) from the Mainland China and Hong Kong Government, of which HK\$6,667,000 represents funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government.

5 PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
(a) Finance costs		
Interest expense on bank borrowings	571	986
Interest on lease liabilities	631	233
Other bank charges	1,717	387
	<u>2,919</u>	<u>1,606</u>
(b) Other items		
Depreciation charge		
– property, plant and equipment	18,957	15,248
– right-of-use assets	7,604	5,267
Reversal of prior year provision	–	(5,200)
Reversal of impairment loss on trade receivable	(2,226)	–
Allowance for obsolete inventories (included in cost of sales)	54	4,473
Net exchange gain	(591)	(3,673)
Loss on disposal of other property, plant and equipment, net	147	217
	<u>147</u>	<u>217</u>

6 INCOME TAX EXPENSE

	Six months ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	1,936	1,260
Other jurisdictions	71	348
	<u>2,007</u>	<u>1,608</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>720</u>	<u>(1,388)</u>
	<u>2,727</u>	<u>220</u>

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.

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 2019: HK\$Nil).

8 EARNINGS/(LOSS) PER SHARE**Basic earnings/(loss) per share**

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to the owners of the Company for the purpose of computing basic earnings/(loss) per share	24,699	(14,539)
	Number of shares	Number of shares
Number of weighted average of ordinary shares for the purpose of computing basic earnings/(loss) per share	215,037,625	215,037,625

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the periods ended 31 December 2020 and 31 December 2019 are same as the basic earnings/(loss) per share as the share options outstanding during both periods had an anti-dilutive effect.

9 TRADE AND OTHER RECEIVABLES

	At	At
	31 December 2020	30 June 2020
	HK\$'000	HK\$'000
Trade receivables at amortised cost, net of loss allowance	37,920	78,937
Trade receivables to be factored at fair value through other comprehensive income (recycling)	93,573	33,695
Other receivables	43,139	30,737
	174,632	143,369

Included in the balance are trade receivables of HK\$131,493,000 (at 30 June 2020: HK\$112,632,000). The Group allows an average credit period of 10 days to 120 days to its trade customers.

As part of Group's management, the Group has 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 Group has transferred substantially all risks and rewards to the relevant counterparties.

As at 31 December 2020, the fair value changes on trade receivables at fair value through other comprehensive income ("FVOCI") (recycling) are insignificant and accordingly, no fair value changes are recognised in equity as FVOCI reserve.

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

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 2020 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
1 - 90 days	122,707	80,085
91 - 180 days	<u>8,786</u>	<u>32,547</u>
	<u>131,493</u>	<u>112,632</u>

10 TRADE PAYABLES AND ACCRUED CHARGES

Included in the balance are trade payables of HK\$188,032,000 (at 30 June 2020: HK\$119,760,000). Other payables and accrued charges mainly represented accrued freight charges, salaries and other operating expenses.

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 2020 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
Current	145,688	86,780
1 - 30 days past due	39,278	28,342
31 - 60 days past due	2,775	1,118
Over 60 days past due	<u>291</u>	<u>3,520</u>
	<u>188,032</u>	<u>119,760</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.

11 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 30 September 2019, 5,920,000 share options were granted for HK\$1 consideration to directors and employees of the Company under the Company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 30 September 2022, and then be exercisable until 2024. The exercise price is HK\$1.172, being the average closing price for the five business days immediately preceding the date of grant.

No options were exercised during the six months ended 31 December 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

While the COVID-19 pandemic made significant impact to the global economy and the Group's business in the second half of the financial year ended 30 June 2020, the Group's foresight in building a resilient and flexible manufacturing footprint and in diversifying its product mix has strengthened the Group's position as the consumers and the global economy have begun adapting to the new normal of life under the pandemic. Over the last 12 months as people are working from home, maintaining social distance, there has been a paradigm shift in consumer preference to more comfort and leisure products which drove a strong rebound in demand for the seamless and fully fused products.

Amidst the strong rebound of sales, the Group's operation has been severely impacted by the persistent pandemic caused disruptions, including but not limited to the global shortage of containers which caused significant disruption in materials supply and finished products cannot be delivered to customers, cross border travel restrictions which impact the ramp up of our overseas facilities as technicians are not able to provide onsite support, sporadic closure of manufacturing lines due to COVID-19 infection which caused loss of capacity and disruption to production plan.

On 7 October 2020, Top Form Brassiere Mfg. Co., Limited, an indirect wholly-owned subsidiary of the Company, entered into a formal sale and purchase agreement with an independent third party purchaser in relation to the disposal a property in Hong Kong which is being used as warehouse and office premises by the Group immediately before the Disposal for a consideration of HK\$28 million. The transaction was officially completed on 25 November 2020 and the Group has recognised a gain on disposal of HK\$27.9 million.

In view of the global economic uncertainties arising from the impact of the COVID-19 pandemic, the Company has proposed a rights issue on the basis of two rights shares for every five existing shares to finance the Group's long-term strategic investment and also strengthen the Group's balance sheet. The rights issue was completed on 19 February 2021 and the Group has raised HK\$40.5 million net of expenses. Details are set out in the section "the Rights Issue".

During the period, in monetary terms, 78% of sales were to the U.S. market, 13% to the EU and 9% to the rest of the world. From the supply side, the overseas manufacturing facilities in Southeast Asia accounted for 67.9% of the global production output whilst China accounted for the remaining 32.1% during the period.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 1% from HK\$644.6 million to HK\$638.7 million for the six months ended 31 December 2020. This decrease in revenue was mainly driven by the global shortage of containers which caused HK\$21 million of finished goods not able to ship out as per original schedule. Aside from this, the Group's revenue was boosted by the strong demand of the seamless and fully fused products, and offset by lower sales to retailers in the U.S. and Europe.

Gross Profit

Gross profit increased from HK\$107.3 million to HK\$121.7 million during the six months period with the gross profit margin increased from 17% to 19%. The increase in gross profit was mainly due to improved customer and product mix.

Other Net Income

Other net income increased from HK\$7.9 million to HK\$45.7 million during the six months period. The increase was mainly attributable to the HK\$28 million sales proceeds from the disposal of property in Hong Kong and HK\$6.7 million anti-pandemic subsidies received by the Company's subsidiaries through Hong Kong Government's Employer Support Scheme.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised of freight and transportation costs, employee benefits of sales and sales support personnel, and customer sample costs. The Group's selling & distribution expenses amounted to HK\$35.0 million for the six months ended 31 December 2020, against HK\$19.5 million for the six months ended 31 December 2019. The significant increase in selling & distribution expenses was mainly driven by the freight costs as a result of persistent and severe disruptions caused by COVID-19.

General and Administrative Expenses

The Group's general and administrative expenses amounted to HK\$99.4 million for the six months ended 31 December 2020, against HK\$108.7 million for the six months ended 31 December 2019. The decrease in general and administrative expenses was mainly attributable to the cost reduction measures undertaken by the management at the onset of pandemic.

Finance Costs

The Group's finance costs mainly represent interest expenses on borrowings, account receivables factoring costs and lease liabilities. The finance costs increased from HK\$1.6 million for the six months ended 31 December 2019 to HK\$2.9 million for the six months ended 31 December 2020. The increase in finance costs was primarily due to (i) the increase in borrowings as a result of continuous investment by the Group and also to increase the Group's liquidity amidst the pandemic; and (ii) the relevant finance costs on lease liabilities recognised upon the adoption of Hong Kong Financial Reporting Standard 16 "Leases".

Profit for the period

The Group recorded a profit of HK\$29.3 million for the six months ended 31 December 2020, as compared to a net loss of HK\$13.2 million in the corresponding period last year.

FINANCIAL POSITION

The Group's bank balances and cash stood at HK\$76.4 million (at 30 June 2020: HK\$122.9 million) whilst the total bank borrowings was HK\$91.8 million as at 31 December 2020 (at 30 June 2020: HK\$97.4 million) and the gearing ratio was 26.1% (at 30 June 2020: 31.3%). As at 30 June 2020 and 31 December 2020, 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 2020, the cash conversion cycle days were 52 days as compared to 37 days for the year ended 30 June 2020.

	For the six months/ year ended	
	31 December 2020 (Days)	30 June 2020 (Days)
Inventory turnover days	91	61
Receivables turnover days	35	47
Payables turnover days	74	71
Cash conversion cycle days	52	37

The cash conversion cycle days increased from 37 days to 52 days mainly driven by the increase in inventory days as more materials were brought in to accommodate the later Chinese New Year and the global shortage of container at year end also resulted in increase in finished goods.

Capital expenditure during the period amounted to HK\$17.1 million of which the majority was for the expansion of overseas factory capacity.

FOREIGN EXCHANGE RISK

The Group is mainly exposed to fluctuations in exchange rates of Euro, HK dollars, RMB, US dollars and Thai Baht. Majority of the sales revenue are denominated in US dollars, the foreign exchange exposure in respect of US dollars against HK dollars is considered minimal as HK dollars pegged with US dollars. The Group manages its foreign exchange exposure by performing regular review and by taking prudent measures to minimise the currency translation risk.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities.

THE RIGHTS ISSUE

Reference is made to the Company's announcements dated 4 November 2020, 25 November 2020, 2 December 2020 respectively, the circular dated 9 December 2020, the supplemental announcement dated 21 December 2020 and the prospectus dated 25 January 2021.

On 4 November 2020, the Company proposed to raise approximately HK\$43.0 million, before expenses, by way of a rights issue (the "Rights Issue") of 86,015,050 new ordinary shares in the capital of the Company (the "Rights Shares") to the shareholders of the Company (the "Shareholders") on the basis of two Rights Shares for every five shares of the Company (the "Shares") in issue at the subscription price of HK\$0.50 per Rights Share.

EVENT AFTER THE REPORTING PERIOD

A special general meeting of the Company was held on 12 January 2021 to approve, among others, the Rights Issue and the increase in authorised share capital. All the resolutions were duly passed at the meeting. Details of the poll results of the special general meeting are set out in the Company's announcement dated 12 January 2021.

Use of proceeds from Rights Issue

The Company completed the Rights Issue on 19 February 2021, pursuant to which the Company has issued 86,015,050 ordinary Shares as Rights Shares on the basis of two Rights Shares for every five Shares at HK\$0.50 per Rights Share. The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$40.5 million. The Company intended to apply approximately HK\$18.6 million for purchase of additional santoni machines for the seamless manufacturing expansion in Thailand, approximately HK\$13.0 million for the increase of investment in an Indonesian company engaging in the manufacturing of ladies' underwear, approximately HK\$6.4 million for the construction of the Myanmar factory facilities, and approximately HK\$2.5 million for the general working capital to support the daily operations of the Group.

OUTLOOK AND FUTURE DEVELOPMENT

As the global economy slowly emerges from the collapse triggered by the pandemic and vaccines are being distributed in major economies, there are budding signs that the consumers are once again reengaged in making purchases. While the Group continues to see business rebound strongly, the challenges faced in the first half we foresee to remain in the near future, including cross border travel restrictions to sporadic disruption to supply chain, which we believe will bring risk to our prospects.

Geopolitical uncertainty is another risk that we are dealing with. The latest event of a military coup in Myanmar has brought uncertainty to our investment in the country. We will closely monitor the situation and development of the event.

Against the backdrop of all these uncertainties, profitability and cash flow are the top priorities and we will remain focused on the execution of key strategic initiatives, improving operation efficiency and cost control, carefully increase capacity across all our manufacturing facilities, and ramping up the seamless product output.

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 2020.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

AUDIT COMMITTEE

The Audit Committee comprises 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 financial reporting matters, internal controls and risk management systems.

The Company's unaudited interim financial report for the six months ended 31 December 2020 has been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

The Company has, during the six months ended 31 December 2020, complied with the code provisions as set out in the Corporate Governance Code, Appendix 14 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 deviations:

Code Provisions A.4.1 and A.4.2

Code Provision A.4.1 provides, inter alia, the 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. They are, however, 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 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 10 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 2020, the Group had employed approximately 8,014 employees (30 June 2020: approximately 7,406 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.

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

Hong Kong, 23 February 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.