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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Director**”) of Top Form International Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, “**Top Form**” or the “**Group**”) for the year ended 30 June 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	1,130,164	1,007,016
Cost of sales		(874,674)	(831,677)
Gross profit		255,490	175,339
Other net income	4	21,820	15,390
Selling and distribution expenses		(37,067)	(29,212)
General and administrative expenses		(220,969)	(228,207)
Profit/(loss) from operations		19,274	(66,690)
Finance costs	5(a)	(19,040)	(12,372)
Share of profit of a joint venture		3,543	1,896
Share of profits of associates		361	896
Profit/(loss) before taxation	5	4,138	(76,270)
Income tax expense	6	(2,638)	(2,254)
Profit/(loss) for the year		1,500	(78,524)

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 30 June 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company		(2,207)	(84,732)
Non-controlling interests		3,707	6,208
		<hr/>	<hr/>
Profit/(loss) for the year		1,500	(78,524)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share	8		
Basic and diluted		HK\$(0.007)	HK\$(0.281)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	1,500	(78,524)
Other comprehensive income/(expense)		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Actuarial gain on long service payment obligations	130	–
Deferred tax liability arising on actuarial gain on long service payment obligations	(26)	–
Gain on revaluation of properties upon transfer of investment properties	–	1,049
Deferred tax liability arising on gain on revaluation of properties upon transfer	–	(262)
	<u>104</u>	<u>787</u>
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of operations outside Hong Kong		
– subsidiaries	(7,233)	(9,362)
– a joint venture	335	(1,622)
– associates	(82)	449
	<u>(6,980)</u>	<u>(10,535)</u>
Other comprehensive expense for the year, net of income tax	(6,876)	(9,748)
Total comprehensive expense for the year	(5,376)	(88,272)
Attributable to:		
Equity shareholders of the Company	(8,148)	(94,630)
Non-controlling interests	2,772	6,358
Total comprehensive expense for the year	(5,376)	(88,272)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		161,879	189,004
Investment properties		149,121	150,027
Interest in a joint venture		27,981	28,454
Interests in associates	9	5,579	8,408
Other financial assets		2,838	2,838
Deferred tax assets		452	264
Deposits		4,328	4,435
		352,178	383,430
Current assets			
Inventories		170,384	103,594
Trade and other receivables	10	178,531	201,380
Bank balances and cash		102,263	112,130
		451,178	417,104
Current liabilities			
Trade and other payables	11	223,542	181,984
Unsecured bank loans	12	91,951	123,804
Lease liabilities		13,878	10,858
Current tax payable		6,303	5,478
		335,674	322,124
Net current assets		115,504	94,980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

(Expressed in Hong Kong dollars unless otherwise indicated)

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Total assets less current liabilities		467,682	478,410
Non-current liabilities			
Lease liabilities		11,405	18,294
Retirement benefit obligations		8,373	7,223
Deferred tax liabilities		32,870	33,071
Other payable	<i>11</i>	19,000	–
		71,648	58,588
Net assets		396,034	419,822
Capital and reserves			
Share capital		147,940	147,940
Reserves		226,684	225,059
Equity attributable to equity shareholders of the Company		374,624	372,999
Non-controlling interests		21,410	46,823
Total equity		396,034	419,822

NOTES TO THE ANNUAL FINANCIAL RESULTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 30 June 2024 but are extracted from those financial statements. The Group's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the SHINEWING (HK) CPA Limited on the preliminary announcement.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except as described below, none of these developments have had a material effect on how the Group's results and financial position for current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group previously applied HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

There was no impact to the Group's consolidated statement of financial position as at 30 June 2024, 30 June 2023 and 1 July 2022 because the related deferred tax balances qualify for offsetting under HKAS 12. There was no impact on the opening retained profits as at 1 July 2022. The key impact to the Group relates to the disclosures of the component of deferred tax assets and liabilities recognised.

3. REVENUE AND 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 the 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 taxation.

All the Group's segment assets and liabilities are under the only reportable segment as at 30 June 2024 and 2023.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, interest(s) in associates and a joint venture (“**specified non-current assets**”). The geographical location of revenue from external customers is based on the location to which the goods are delivered.

	Revenue from external customers		Specified non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	199	774	14,127	16,081
USA	848,492	628,637	–	–
Belgium	87,200	117,173	–	–
The People's Republic of China (“PRC”)	32,722	44,566	199,838	203,614
The Netherlands	36,077	51,983	–	–
Sri Lanka	27,666	24,845	20,928	21,653
Australia	15,912	15,775	–	–
Canada	12,241	26,649	–	–
Germany	9,599	18,244	–	–
France	9,269	17,247	–	–
The Czech Republic	3,139	2,194	–	–
Italy	1,200	2,198	–	–
Mexico	21,001	21,342	–	–
Thailand	–	–	75,348	85,749
Cambodia	–	–	–	6,857
Myanmar	–	–	13,053	13,053
Indonesia	–	–	21,266	28,886
Others	25,447	35,389	–	–
	1,130,164	1,007,016	344,560	375,893

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	481,565	339,348
Customer B	310,187	293,585
Customer C	N/A*	115,847
	<u> </u>	<u> </u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER NET INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross rental income from investment properties	12,189	10,788
Government grants (<i>note</i>)	2,521	3,804
Write-off of other payables	1,924	–
Sample income	1,354	1,146
Interest income from banks	1,062	519
Gain on disposal of property, plant and equipment	–	22
Gain on early termination of leases	–	624
Fair value loss on investment properties	–	(2,720)
Others	2,770	1,207
	<u> </u>	<u> </u>
	<u>21,820</u>	<u>15,390</u>

Note: During the year ended 30 June 2024, the Group received government grants of HK\$2,521,000 (2023: HK\$3,804,000) from the Mainland China and Hong Kong Government.

For the year ended 30 June 2023, the Group recognised government grants of HK\$872,000 in respect of funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government.

There are no unfulfilled conditions and other contingencies attached to the receipts of these government subsidies.

5. PROFIT/(LOSS) BEFORE TAXATION

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

	2024 HK\$'000	2023 HK\$'000
(a) Finance costs		
Interest expense on bank borrowings	8,246	5,246
Interest on lease liabilities	1,838	2,350
Other bank charges	8,956	4,776
	<u>19,040</u>	<u>12,372</u>
(b) Staff costs		
Staff costs, including directors' emoluments (<i>note (i)</i>)	417,833	420,413
Equity-settled share-based payment expenses	588	766
Provision for retirement benefits obligations	1,280	2,527
	<u>419,701</u>	<u>423,706</u>
(c) Other items		
Auditors' remuneration	1,832	1,861
Depreciation charges		
– property, plant and equipment	27,088	27,913
– right-of-use assets	15,505	16,629
Provision for/(reversal of) impairment loss on trade receivables	55	(187)
Impairment loss of interests in associates	3,108	–
Write-off of property, plant and equipment (included in general and administrative expenses) (<i>note (ii)</i>)	–	6,162
Write-off of other receivables (included in general and administrative expenses) (<i>note (ii)</i>)	–	1,641
Loss on disposal of property, plant and equipment	42	–
Reversal of allowance for obsolete inventories (included in cost of sales)	(3,806)	(2,033)
Cost of inventories recognised as an expense	878,480	833,710
Net exchange loss/(gain)	1,667	(2,821)

Notes:

- (i) Staff costs included amounts in respect of defined contribution retirement benefit schemes contributions of HK\$22,479,000 (2023: HK\$24,280,000).
- (ii) During the year ended 30 June 2023, the leasehold improvement of HK\$6,162,000 and rental deposit of HK\$1,641,000 were written off upon the early termination of a lease contract which was attributable to the business restructuring associated with suspension of operation of a factory in Southeast Asia.

6. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong	40	1,168
Other jurisdictions	<u>2,784</u>	<u>1,601</u>
	----- 2,824	----- 2,769
Under/(over)-provision of current tax in prior years:		
Hong Kong	-	(95)
Other jurisdictions	<u>2</u>	<u>225</u>
	----- 2	----- 130
Deferred taxation		
Origination and reversal of temporary differences	----- (188)	----- (645)
Income tax expense	<u><u>2,638</u></u>	<u><u>2,254</u></u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, 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 Tax for this subsidiary was calculated at the same basis in 2023.

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 in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. DIVIDENDS

The Board has resolved not to declare a final dividend for the year ended 30 June 2024 (2023: nil).

8. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to equity shareholders of the Company for the purpose of computing basic and diluted loss per share	<u>(2,207)</u>	<u>(84,732)</u>
	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>301,052,675</u>	<u>301,052,675</u>

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both years ended 30 June 2024 and 2023.

9. INTERESTS IN ASSOCIATES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Group's share of net assets	<u>5,579</u>	<u>8,408</u>

Notes:

- (i) During the year ended 30 June 2024, the management of the Group conducted a review on the recoverable amount of its interests in associates and recognised an impairment loss of HK\$3,108,000 (2023: nil).
- (ii) During the year ended 30 June 2023, Top Form Brassiere Mfg. Co., Limited ("**Top Form Brassiere**"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with an associate, PT Bintang Abadi Persada ("**BAP**"), to subscribe and allot 480 new BAP shares for a consideration of US\$400,000, with US\$398,000 settled by set-off against the loan amount due and owing by BAP to Top Form Brassiere and the remaining US\$2,000 to be paid in cash. Details of which was set out in the Company's Announcement dated 29 December 2022.
- (iii) During the year ended 30 June 2023, Top Form Brassiere assigned US\$2,342,000 of the loan amount due from BAP to PT Pahlawan Gunung Jaya ("**PGJ**"), an indirect wholly-owned subsidiary of the Company as set-off against US\$2,000,000, being the purchase price of the assets and set off against US\$342,000 being one year rental deposit in relation to the lease agreement and side letter owing by PGJ to BAP. Details of which was set out in the Company's Announcement dated 29 December 2022.

10. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables at amortised cost, net of loss allowance	132,453	178,576
Trade receivables to be factored at fair value through other comprehensive income (“FVOCI”) (recycling)	20,704	3,394
Other receivables	<u>25,374</u>	<u>19,410</u>
	<u><u>178,531</u></u>	<u><u>201,380</u></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.

During the year ended 30 June 2024, the effective interest rates of the factored trade receivables at FVOCI (recycling) ranged from 6.70% to 6.98% (2023: 4.00% to 7.21%) per annum. As at 30 June 2024 and 2023, the fair value changes on trade receivables at FVOCI (recycling) are insignificant and accordingly, no fair value changes are recognised in equity.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 – 90 days	151,662	181,592
91 – 180 days	<u>1,495</u>	<u>378</u>
	<u><u>153,157</u></u>	<u><u>181,970</u></u>

11. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	152,486	120,168
Other payables and accrued charges	90,056	61,816
	<u>242,542</u>	<u>181,984</u>
Less: amounts due after one year included under non-current liabilities	<u>(19,000)</u>	–
	<u><u>223,542</u></u>	<u><u>181,984</u></u>

As at 30 June 2024, trade and other payables of HK\$223,542,000 (2023: HK\$181,984,000) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current	87,811	57,907
1 – 30 days past due	38,438	22,568
31 – 60 days past due	13,199	13,652
Over 60 days past due	13,038	26,041
	<u>152,486</u>	<u>120,168</u>

As the average credit period on purchases of goods is ranged from 30 to 60 days, a majority of the balances which as disclosed above are within 90 days from the invoice date.

Other payables and accrued charges mainly represented accrued freight charges, salaries and other operating expenses.

12. UNSECURED BANK LOANS

At 30 June 2024 and 2023, the unsecured bank loans were repayable as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year or on demand	<u>91,951</u>	<u>123,804</u>

At 30 June 2024, the Company provided guarantee for bank loans of certain subsidiaries. Such banking facilities amounted to HK\$95,000,000 (2023: HK\$140,000,000). The facilities were utilised to the extent of HK\$91,951,000 (2023: HK\$123,804,000).

All of the Group's facilities are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios and covenants.

As at 30 June 2023, the Group did not fulfill some financial covenants as required in the agreements with the banks for the outstanding loan amounts of HK\$103,804,000 in aggregate and the banks were entitled to request for immediate repayment of the outstanding loan amounts due to this breach of the covenant clause. The Group informed the banks and obtained waivers of compliance with the covenant requirements from the bank for the outstanding loan amounts of HK\$103,804,000 in aggregate subsequent to the end of the financial year ended 30 June 2023. The original maturities of these bank loans were one year within the end of the reporting period and the outstanding balances were presented as current liabilities as at 30 June 2023.

At 30 June 2024, the effective interest rate of the Group's bank loans was 6.73% (2023: 3.89%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2024 posed continued economic challenges, driven by the enduring impact of prolonged high interest rates and escalating geopolitical tensions. While the impacts of the high inventory level experienced by major customers in the United States (the “U.S.”) last year and the sluggish consumer demand have diminished over time, the economic environment continued to pose substantial challenges. In the face of economic and market uncertainty, Top Form remains steadfast in our commitment to cost control, efficiency enhancement, and resource optimization.

During the year, the Group’s revenue increased by 12.2% to HK\$1,130 million, driven by increased demand from major customers. The Group recorded a profit after tax of HK\$1.5 million this year, marking a turnaround from the previous year. The results proved our efforts in adapting to market conditions and driving operational efficiency.

In June 2024, Top Form acquired the minority stake in Grand Gain Industrial Limited (“**Grand Gain**”), a non-wholly owned subsidiary engaged in the manufacturing of foam cups, which is one of the Group’s component businesses. The acquisition allowed the Group to gain full control over the management and operations of Grand Gain, further enhancing the Group’s vertical integration of foam cup production. This strategic move is expected to provide greater stability of foam cup supply as well as improved profitability for the Group.

During the year, in monetary terms and delivery locations, 75% 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 11%. From the supply side, the overseas manufacturing facilities in Asia ex-China accounted for 64% of the global production output whilst China accounted for the remaining 36% during the year.

FINANCIAL REVIEW

Revenue

For the year ended 30 June 2024, the revenue of the Group increased by 12.2% to HK\$1,130 million from HK\$1,007 million for the year ended 30 June 2023. This was mainly attributable to the increase in demand from our major customers in the U.S.

Gross Profit

Gross profit increased from HK\$175.3 million to HK\$255.5 million during the year with gross profit margin increased from 17.4% to 22.6%. The gross profit margin was increased due to combination of product mix with higher margins, streamlined manufacturing footprint and improved production efficiency.

Other Net Income

Other net income increased from HK\$15.4 million to HK\$21.8 million during the year. The increase was mainly attributable to write-off of other payables and no fair value loss on investment properties for the year.

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 amounted to HK\$37.1 million for the year ended 30 June 2024, against HK\$29.2 million for the year ended 30 June 2023. In terms of the percentage of revenue, the Group's selling and distribution expenses increased as compared to last year.

General and Administrative Expenses

The Group's general and administrative expenses amounted to HK\$221.0 million for the year ended 30 June 2024, against HK\$228.2 million for the year ended 30 June 2023. The decrease in general and administrative expenses was mainly attributable to stringent cost control measures implemented during the year ended 30 June 2024.

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\$12.4 million for the year ended 30 June 2023 to HK\$19.0 million for the year ended 30 June 2024. The increase in finance costs was primarily driven by the increase in interest rate and other bank charges.

Profit for the year

The Group recorded a profit after tax of HK\$1.5 million for the year ended 30 June 2024 as compared with a net loss of HK\$78.5 million for the year ended 30 June 2023.

FINANCIAL POSITION

The Group's bank balances and cash was HK\$102.3 million as at 30 June 2024 (at 30 June 2023: HK\$112.1 million) whilst total bank borrowings was HK\$92.0 million (at 30 June 2023: HK\$123.8 million) and gearing ratio was 23.2% (at 30 June 2023: 29.5%), which was calculated as total interest-bearing bank borrowings divided by total equity. As at 30 June 2023 and 30 June 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 years ended 30 June 2024 and 2023, the cash conversion cycle days were negative 8 days.

	As at 30 June 2024	As at 30 June 2023
	(Days)	(Days)
Inventory turnover days	57	61
Receivables turnover days	54	59
Payables turnover days	119	128
Cash conversion cycle days	(8)	(8)

Capital expenditure during the year amounted to HK\$14.1 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 30 June 2024, the Group did not have any significant contingent liabilities.

REMUNERATION POLICY

As at 30 June 2024, the Group had employed approximately 6,740 employees (30 June 2023: approximately 6,242 employees). The remuneration policy and package of the Group's employees are structured with 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of a non wholly-owned company

On 28 June 2024, the Company (through a direct wholly-owned subsidiary, Top Form (B.V.I.) Limited) entered into a sale and purchase agreement to acquire from Mr. Wan Ho Yau (the “**Vendor**”) the remaining 40% interest in Grand Gain Industrial Limited (the “**Target Company**”) (a company incorporated in Hong Kong with limited liability and an indirect non wholly-owned subsidiary of the Company), at a consideration of HK\$19,000,000 (the “**Acquisition**”). Prior to the completion of Acquisition, the Company indirectly held 60% interest in the Target Company. The Acquisition was completed on 30 June 2024, the Target Company became an indirect wholly-owned subsidiary of the Company upon completion.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As at the date of the transaction, the Vendor is a director and a substantial shareholder of the Target Company, and therefore a connected person of the Company at the subsidiary level. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

For further details, please refer to the Company’s announcement dated 28 June 2024.

Save as disclosed above, there were no other significant investments, material acquisitions and disposals by the Group during the year ended 30 June 2024.

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

Looking forward, Top Form remains vigilant amidst a persistently uncertain macroenvironment. Despite some optimism stemming from indications of declining inflation and anticipated interest rate cuts, the approaching presidential election in the U.S. exacerbated the level of uncertainty to the macroeconomic environment. We expect the customer demand to remain volatile in the near term.

Despite these challenges, Top Form’s strategy – centered on innovation, strategic verticality, high-touch service, and a multi-country footprint – positions us well to navigate uncertain market conditions with efficiency, flexibility, and resilience. This approach ensures our ability to maintain profitability and achieve sustainable growth.

With the solid foundation we have established over the years, Top Form is confident in our capability to adapt to dynamic changes in the business landscape. We remain optimistic about the future and are fully prepared to capitalize on emerging opportunities.

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 year ended 30 June 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance principles and practices with an emphasis on enhancing transparency and accountability and ensuring the application of these principles and practices throughout the Group, striving to deliver long term values to shareholders and drive sustainable growth for the stakeholders.

The Company has, throughout the year under review, complied with the code provisions as set out in the Corporate Governance Code, Appendix C1 to the Listing Rules on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), except for the following deviations:

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.

CONFIRMATION OF INDEPENDENCE ON INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange. The Company has assessed their independence and concluded that all the independent non-executive Directors are independent.

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 the 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 year 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.

AUDIT COMMITTEE

The consolidated annual results of the Group for the year ended 30 June 2024 have been reviewed by the Audit Committee, comprising Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Wang Man Hon, Sidney, all of whom are independent non-executive Directors of the Company.

The Audit Committee, together with the management and the Company’s external auditors, SHINEWING (HK) CPA Limited, have reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal controls and financial reporting matters.

DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 30 June 2024 (for the year ended 30 June 2023: nil).

No interim dividend for the six months ended 31 December 2023 has been paid to the shareholders of the Company (the “**Shareholders**”) during the year ended 30 June 2024 (for the six months ended 31 December 2022: nil).

CLOSURE OF REGISTERS OF MEMBERS

Entitlement to attend and vote at the 2024 AGM

The main and branch registers of members of the Company will be closed from Monday, 25 November 2024 to Thursday, 28 November 2024 (both days inclusive) for the purpose of determining the shareholders’ entitlement to attend and vote at the forthcoming annual general meeting on Thursday, 28 November 2024 (the “**AGM**”). During that period, no transfer of shares will be registered. In order to qualify for the shareholders’ entitlement to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 November 2024.

2024 ANNUAL REPORT

The 2024 annual report 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, 26 September 2024

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.