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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 3<sup>RD</sup> QUARTER OF FISCAL 2010**

In continuation of the efforts to enhance the transparency of Top Form International Limited (the “Company”) and its subsidiaries (together the “Group”), the board of directors (the “Board”) of the Company announces the following operational data for the third quarter of fiscal 2010.

#### **The First Half**

In the Company’s fiscal 2010 Interim Report the Board noted the cost and capacity implications arising from labour availability, potential minimum wage increases, and changes in the industry structure in the Pearl River Delta. The appreciation of the RMB against the US dollar was forecast to accelerate in 2010.

## **Manufacturing**

Following our stated strategic moves in trimming our most expensive capacity during the economic downturn, we are now rebuilding the capacity in order to meet demand which has returned since the beginning of this calendar year. Recently we have set up additional facilities in various locations in China and these are performing satisfactorily.

Rising operating cost remains the major challenge to business, in particular, due to labour shortages, steep increases in statutory wage rates and currency movements .

## **Sales**

The distribution of sales, by market, remains stable. Some customers, however, are seen to be more aggressive in their inventory management, resulting in an increase in demand for capacity. The consumer market is, however, highly promotional and sales are driven by markdowns and price cuts.

Our order book is full until the end of the fiscal year.

## **Financial Position**

The financial position of the Group remains healthy with no borrowing.

## **Outlook**

Customers' confidence in inventory investment suggests market recovery. Our capacity is fully utilized for the rest of the fiscal year. On the other hand, the recent currency movement of the Euro as driven by the deficit crisis in Greece has clouded our foreseeable future. While the E.U. business accounts for less than one-third of our total revenue, how the deficit crisis might further impact the economy and markets is a concern to all of us. In the meantime, cost control and capacity management remain the focal points in our business operations.

The Group will continue to invest in the improvement of its manufacturing structure.

**The Board wishes to remind investors that the above operational data for the third quarter of fiscal 2010 is based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.**

**In the meantime, shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.**

On behalf of the Board  
**Top Form International Limited**  
**Fung Wai Yiu**  
*Chairman*

Hong Kong, 28<sup>th</sup> May 2010

*As at the date of this announcement, the board comprises Mr. Fung Wai Yiu and Mr. Wong Chung Chong, Eddie as executive directors, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive directors and Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive directors.*

*\*For identification purpose only*