
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Top Form International Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 11 to 12 of this circular. A letter from Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 23 of this circular.

The notice convening the special general meeting (the "SGM") is set out on pages 30 to 31 of this circular. The SGM is to be held at Meeting Room, Level 8, Royal Plaza Hotel, 193 Prince Edward Road West, Mongkok, Kowloon, on Wednesday, 23 July, 2008 at 11:00 a.m. to approve matters referred to in this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not later than 48 hours before the respective time appointed for holding the meeting or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Access Capital” or “Independent Financial Adviser”	Access Capital Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement
“associates”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the New Bye-laws of the Company
“Company”	Top Form International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the board of directors of the Company comprising the independent non-executive directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy

DEFINITIONS

“Independent Shareholders”	Shareholders other than Mr. Lucas Laureys, Mr. Herman Van de Velde, VDV and their respective associates
“Latest Practicable Date”	30 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement dated 18 September 2005 entered into between the Company and VDV with regard to the sale of ladies’ intimate apparel by the Group to VDV
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“Renewal Agreement”	the renewal agreement dated 18 June 2008 entered into between the Company and VDV to renew the terms of the Master Agreement for a period from 1 July 2008 to 30 June 2011
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held at Meeting Room, Level 8, Royal Plaza Hotel, 193 Prince Edward Road West, Mongkok, Kowloon on Wednesday, 23 July 2008 at 11:00 a.m. at which the ordinary resolution will be proposed to approve the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“VDV”	Van De Velde N. V., a company incorporated in Belgium and the securities of which are listed on the continuous segment of Euronext
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
%	per cent.

LETTER FROM THE BOARD



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

Board of Directors

Executive Directors:

Mr. Fung Wai Yiu (*Chairman*)

Mr. Wong Chung Chong, Eddie
(*Group Managing Director*)

Non-executive Directors:

Mr. Lucas A.M. Laureys

Ms. Leung Churk Yin, Jeanny

Mr. Herman Van de Velde

Independent non-executive Directors:

Mr. Marvin Bienenfeld

Mr. Chow Yu Chun, Alexander

Mr. Leung Ying Wah, Lambert

Mr. Lin Sun Mo, Willy

Principal office:

Room 1813, 18th Floor

Tower 1, Grand Century Place

193 Prince Edward Road West

Mongkok, Kowloon

Hong Kong

Registered office:

Clarendon House

2 Church Street

Hamilton, HM 11, Bermuda

4 July 2008

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcements dated 18 June 2008 and 18 September 2005, respectively, in relation to the continuing connected transactions between the Group and VDV.

* For identification purpose only

LETTER FROM THE BOARD

In view of the expiration of the Master Agreement dated 18 September 2005 entered into between the Company and VDV with regard to the sale of ladies' intimate apparel by the Group to VDV on 30 June 2008 and the anticipation that the continuing connected transactions will continue to be conducted on a recurring basis, the Company entered into the Renewal Agreement with VDV to renew the terms of the Master Agreement to a further three-year period ending 30 June 2011 to continue the sales of ladies' intimate apparel to VDV.

An independent board committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder are fair and reasonable; and in the interests of the Company and the Shareholders as a whole; and how the Independent Shareholders should vote in respect of the resolution to approve the Renewal Agreement and the relevant annual caps of the underlying transactions contemplate thereunder.

Access Capital, an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated therein are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is:

- (i) to provide the Independent Shareholders with details of the Renewal Agreement and the relevant annual caps;
- (ii) to set out the view of and the recommendation of the Independent Board Committee to the Independent Shareholders;
- (iii) to set out the opinion and recommendation of Access Capital in respect of the Renewal Agreement and the relevant annual caps; and
- (iv) to give notice of the SGM to consider and, if thought fit, to approve the Renewal Agreement and the relevant annual caps.

LETTER FROM THE BOARD

DETAILS OF THE RENEWAL AGREEMENT

- Date of the agreement: 18 June 2008
- The subject: Sale of ladies' intimate apparel by the Group to VDV
- Parties involved: (a) the Group, as the seller; and
(b) VDV, as the purchaser
- Duration of the agreement: A period from 1 July 2008 to 30 June 2011. Thereafter, subject to compliance with the applicable Listing Rules, the Renewal Agreement may be renewed for each and every three-year interval in the future.
- Pricing policy: These sales transactions will be charged on a cost plus margin basis and on terms no less than those charged by the Group to independent third parties. The Renewal Agreement sets out the framework of the pricing policy, the actual pricing and terms and conditions of payment shall be determined among the parties on each purchase order basis. Such sales will be satisfied in cash within a period of 30 days.

The sales of ladies' intimate apparel by the Group to VDV for the three financial years ended 30 June 2007 were approximately HK\$35.8 million, HK\$39.8 million and HK\$38.7 million, representing approximately 2.4%, 2.8% and 2.6% of the Group's audited consolidated turnover of the respective financial years. For the six months ended 31 December 2007, sales of ladies' intimate apparel by the Group to VDV was approximately HK\$20.7 million, representing approximately 3.0% of the Group's unaudited consolidated turnover of that period.

Based on (i) the historical sales figures as mentioned above, (ii) the discussion between the management of the Company and VDV with regard to the estimated annual growth of the sales, (iii) the estimated increase in cost of production; (iv) the valued added production procedure; and (v) the prevailing and the expected market conditions, the Directors propose that the annual caps for the sales of ladies' intimate apparel by the Group to VDV for the three financial years ending 30 June 2011 will be HK\$60 million for the financial year ending 30 June 2009, HK\$70 million for the financial year ending 30 June 2010 and HK\$80 million for the financial year ending 30 June 2011 respectively.

LETTER FROM THE BOARD

The annual caps for the sales of ladies' intimate apparel by the Group to VDV for the two financial years ended 30 June 2007 and the financial year ending 30 June 2008 under the Master Agreement were HK\$70 million, HK\$85 million and HK\$100 million, respectively.

For the avoidance of doubt, these annual caps represent the maximum value of sales by the Group to VDV in each year. There is no minimum or implied value of sales in each of these years.

REASONS FOR THE RENEWAL AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Company is an investment holding company. Its principal subsidiaries are engaged in the design, manufacture, distribution, wholesale and retail of ladies' intimate apparel, principally brassieres.

VDV is a manufacturer and marketer of luxury lingerie.

For the past 26 years, the Group has been supplying ladies' intimate apparel to VDV. It is anticipated that the Group will continue to carry out such transactions on a recurring basis. In order to continue the sale of ladies' intimate apparel by the Group to VDV, the Company entered into the Renewal Agreement to renew the terms of the Master Agreement for a period of three years ending 30 June 2011.

The transactions have been and will continue to be conducted in the ordinary and usual course of business, on normal commercial terms agreed after arm's length negotiations between the Group and VDV.

The Directors are of the view that the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated therein are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. None of the independent non-executive Directors has any material interest in the transactions contemplated under the Renewal Agreement.

LISTING RULES IMPLICATIONS

Mr. Lucas Laureys and Mr. Herman Van de Velde, the President and Managing Director of VDV respectively, are non-executive Directors of the Company. VDV is a substantial shareholder of the Company, beneficially and directly interested in approximately 16.39% of the existing issued share capital of the Company. Pursuant to Rule 14A.11 of the Listing Rules, each of Mr. Lucas Laureys, Mr. Herman Van de Velde and VDV is a connected person of the Company and the continuing transactions between the Group and VDV contemplated under the Renewal Agreement will continue to constitute continuing connected transactions as prescribed under Rule 14A.14 of the Listing Rules.

LETTER FROM THE BOARD

As the annual cap for each of the three financial years ending 30 June 2011 exceeds 2.5% of the applicable ratio under Rule 14A.34 of the Listing Rules, the continuing connected transactions are subject to reporting, announcement, independent shareholders' approval and annual review by the independent non-executive Directors and the auditors' requirements under Chapter 14A of the Listing Rules.

In view of the interests of VDV in the Renewal Agreement, Mr. Lucas Laureys, Mr. Herman Van de Velde, VDV and their respective associates will be abstained from voting on the relevant resolution at the SGM.

SPECIAL GENERAL MEETING

A notice of the SGM to be held at Meeting Room, Level 8, Royal Plaza Hotel, 193 Prince Edward Road West, Mongkok, Kowloon on Wednesday, 23 July 2008 at 11:00 a.m., Hong Kong, convening the SGM to approve the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not later than 48 hours before the respective time appointed for holding the meeting or any adjournment thereof (as the case may be).

PROCEDURE FOR DEMANDING A POLL

Pursuant to bye-law 66 of the Bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of the Shares representing five per cent. or more of the total voting rights at such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

Pursuant to Rule 14A.52 of the Listing Rules, the votes of the Independent Shareholders at the SGM will be taken by poll. The results of the poll will be published on the Company's and the Stock Exchange's websites on the business day following the SGM.

ACTION TO BE TAKEN

A form of proxy for use at the SGM is enclosed. Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, whether or not they are able to attend and vote at the SGM in person, to the office of the Hong Kong branch share registrar of the Company as soon as practicable but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.

Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting should he or she wishes. In that event, his or her form of proxy for the meeting will be deemed to have been revoked.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 11 to 12 of this circular which contains its recommendation to the Independent Shareholders on the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder.

Your attention is also drawn to the letter of advice received from Access Capital which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement. The letter from Access Capital is set out on pages 13 to 23 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
Top Form International Limited
Fung Wai Yiu
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

To the Independent Shareholders

4 July 2008

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 4 July 2008 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider terms of the Renewal Agreement and the relevant annual caps, to advise the Independent Shareholders whether, in our opinion, the terms of the Renewal Agreement and the relevant annual caps are fair and reasonable so far as the Independent Shareholders are concerned. Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 10 of the Circular which contains, inter alia, information about the terms of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement, and the “Letter from Access Capital” set out on pages 13 to 23 of the Circular which contains its advice in respect of the terms of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Access Capital as stated in its aforementioned letter of advice, we are of the opinion that the terms of the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement to be fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the Renewal Agreement.

Yours faithfully,

The Independent Board Committee

Marvin Bienenfeld

Chow Yu Chun, Alexander

Leung Ying Wah, Lambert

Lin Sun Mo, Willy

Independent non-executive Directors

LETTER FROM ACCESS CAPITAL

The following is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders in relation to the Renewal Agreement and the annual caps of the underlying transactions prepared for the purpose of incorporation in this circular.



4 July 2008

*To the Independent Board Committee and
the Independent Shareholders of Top Form International Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewal Agreement, details of which have been set out in the circular to the Shareholders dated 4 July 2008 (the "Circular"), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder. Unless the context otherwise requires, terms used in this letter have the same meanings as those defined in the Circular.

The Board announced that on 18 June 2008, in view of the expiration of the Master Agreement dated 18 September 2005 entered into between the Company and VDV with regard to the sale of ladies' intimate apparel by the Group to VDV on 30 June 2008 and the anticipation that the continuing connected transactions with VDV will continue on a recurring basis, the Company entered into the Renewal Agreement with VDV to renew the terms of the Master Agreement for a further three-year period ending 30 June 2011 to continue the sales of ladies' intimate apparel to VDV.

LETTER FROM ACCESS CAPITAL

As at the Latest Practicable Date, Mr. Lucas Laureys and Mr. Herman Van de Velde, the President and Managing Director of VDV, respectively, are non-executive Directors of the Company. VDV is a substantial shareholder of the Company, beneficially and directly interested in approximately 16.39% of the existing issued share capital of the Company. Pursuant to Rule 14A.11 of the Listing Rules, each of Mr. Lucas Laureys, Mr. Herman Van de Velde and VDV is a connected person of the Company and the continuing transactions between the Group and VDV contemplated under the Renewal Agreement will continue to constitute continuing connected transactions as prescribed under Rule 14A.14 of the Listing Rules.

As the annual cap for each of the three financial years ending 30 June 2011 exceeds 2.5% of the applicable ratio under Rule 14A.34 of the Listing Rules, the continuing connected transactions are subject to reporting, announcement, independent shareholders' approval and annual review by the independent non-executive Directors and the auditors' requirements under Chapter 14A of the Listing Rules.

Each of Mr. Lucas Laureys, Mr. Herman Van de Velde and VDV and their respective associates are required to abstain from voting on the relevant resolution to be proposed at the SGM.

THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of two executive Directors, namely Mr. Fung Wai Yiu and Mr. Wong Chung Chong, Eddie; three non-executive Directors, namely Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde and Ms. Leung Churk Yin, Jeanny; and four independent non-executive Directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, has been established to consider the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder and to advise the Independent Shareholders as to whether the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholder on how to vote on the resolution at the SGM.

LETTER FROM ACCESS CAPITAL

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder are in the ordinary and usual course of the Group's business and agreed on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to give our opinion to the Independent Board Committee in relation to the terms of the Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder for their consideration when making their recommendation to the Independent Shareholders and as to how the Independent Shareholders should vote on the resolution at the SGM.

BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

LETTER FROM ACCESS CAPITAL

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Renewal Agreement, we have taken into consideration the following principal factors:

1. Background information and reasons for the Renewal Agreement

i) Information on the Group

The Group is principally engaged in the design, manufacture, distribution, wholesale and retail of ladies' intimate apparel, principally brassieres. As set out in the Company's annual reports, the Group's operations can be categorized into two segments, namely manufacturing business and branded business.

The following is the breakdown in turnover of the Group by the two business segments for each of the three financial years ended 30 June 2007, which is extracted from the Company's respective published annual reports.

	For the year ended 30 June		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Manufacturing business	1,442,897	1,403,798	1,448,348
Branded business	20,918	21,693	19,148
	<hr/>	<hr/>	<hr/>
Total turnover	<u>1,463,815</u>	<u>1,425,491</u>	<u>1,467,496</u>

As indicated in the above table, the manufacturing business has been the core business of the Group and such business segment accounted for approximately 98.6%, 98.5% and 98.7% of the Group's total turnover for each of the three financial years ended 30 June 2007, respectively.

In addition, the Group recorded a growth of approximately HK\$42.0 million in its turnover from approximately HK\$1,425.5 million for the financial year ended 30 June 2006 to approximately HK\$1,467.5 million for the financial year ended 30 June 2007. Particularly, turnover in respect of the manufacturing business increased from approximately HK\$1,403.8 million for the financial year ended 30 June 2006 to approximately HK\$1,448.3 million for the financial year ended 30 June 2007.

LETTER FROM ACCESS CAPITAL

The following table, which is extracted from the Company's annual reports, provides an analysis of the Group's sales by geographical market.

Sales revenue by geographical market			
for the year ended 30 June			
	2005	2006	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
United States of America	1,134,819	1,033,281	1,104,029
Europe	208,472	219,878	226,503
Australia and New Zealand	60,563	71,251	79,351
Asia (excluding Hong Kong)	42,508	45,450	42,789
Hong Kong	17,024	55,065	14,824
South Africa	429	566	–
	<hr/>	<hr/>	<hr/>
Total turnover	<u>1,463,815</u>	<u>1,425,491</u>	<u>1,467,496</u>

As shown in the above table, for each of the three financial years ended 30 June 2007, United States of America represented the largest geographical market of the Group, accounting for over 70% of the total turnover in each of the three financial years ended 30 June 2007. During the same period, Europe, being the second largest geographical market of the Group, accounted for approximately 14.2%, 15.4% and 15.4% of the Group's total turnover, respectively. In addition, sales to Europe increased steadily from approximately HK\$208.5 million for the financial year ended 30 June 2005 to approximately HK\$226.5 million for the financial year ended 30 June 2007.

LETTER FROM ACCESS CAPITAL

ii) *Information on VDV*

VDV together with its subsidiaries design, develop, manufacture and market fashionable and luxury lingerie under its own brand names in Belgium. In addition, the ordinary stock of which are currently traded on Euronext's continuous market. The following is the turnover of VDV for each of the three financial years ended 31 December 2007 extracted from its annual reports.

	For the year ended 31 December		
	2005	2006	2007
	<i>million</i>	<i>million</i>	<i>million</i>
Turnover	EUR 111.9 (HK\$1,354.2)*	EUR 123.0 (HK\$1,488.5)*	EUR 130.3 (HK\$1,576.9)*

* *For illustration purpose only, Euro is converted into HK\$ at the rate of EUR 1: HK\$12.102.*

As indicated above, turnover of VDV represented a compound annual growth rate of approximately 7.9% from financial year ended 31 December 2005 to financial year ended 31 December 2007.

iii) *Reasons for the Renewal Agreement*

As stated in the "Letter from the Board", the Group has been supplying ladies' intimate apparel to VDV for the past 26 years.

In view of the expiration of the Master Agreement on 30 June 2008 and the anticipation that the continuing connected transactions will continue on a recurring basis, the Company entered into the Renewal Agreement with VDV to renew the terms of the Master Agreement for a further three-year period ending 30 June 2011 to continue the sales of ladies' intimate apparel to VDV.

Based on the historical sales figures as mentioned above, Europe is the second largest geographical market of the Group. For the financial year ended 30 June 2007, Europe accounted for approximately 15.4% of the Group's total turnover. The Group's sale to Europe has also achieved a steady increase with a year-on-year compound growth rate of approximately 4.2% from 2005 to 2007.

Furthermore, we noted from the above table that the growth of VDV's turnover has been steady as evidenced by a compound annual growth rate of approximately 7.9% from 2005 to 2007.

LETTER FROM ACCESS CAPITAL

In view of the significance of the European market to the Group; and VDV, being one of the major sellers of luxury lingerie products in Europe and a long established customer of the Group for over 26 years, we consider that it is in the interest of the Group to continue to sell ladies' intimate apparel to VDV.

Given the above-mentioned reasons, we concur with the view of the Directors that the entering into the Renewal Agreement is in the interests of the Company and the Independent Shareholders as a whole.

2. Terms of the Renewal Agreement

The Renewal Agreement provides the Company and its subsidiaries the basis to continue to sell ladies' intimate apparel to VDV and its subsidiaries from 1 July 2008 to 30 June 2011.

Pursuant to the Renewal Agreement, the transactions contemplated thereunder will be charged on a cost plus margin basis and on terms no less than those charged by the Group to independent third party customers. In addition, pursuant to the Renewal Agreement, sales to VDV will be satisfied in cash within a period of 30 days. As noted from the Renewal Agreement, while the Renewal Agreement sets out the framework of the pricing policy, the actual pricing and terms and conditions of payment shall be determined among the parties on an order-by-order basis. Having considered that the continuing connected transactions between the Group and VDV will be conducted in the ordinary and usual course of business and on normal commercial terms agreed after arm's length negotiations between the Group and VDV, the Directors are of the view that the terms of the Renewal Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We have reviewed samples of sales record of ladies' intimate apparel between the Group and its customers, including VDV and independent third party customers, and noted that the gross profit margin under the sampled sales to VDV was not less favourable than that under the sampled sales to independent third party customers. Furthermore, we note from the Group's latest interim results for the six months ended 31 December 2007 that the Group allows an average credit period of 30 days to its trade customers. Accordingly, we consider that the credit period of up to 30 days offered to VDV as stipulated under the Renewal Agreement is in line with the Group's general credit policy and is therefore fair and reasonable.

We also understand from the management of the Group that all the quotations to VDV prepared by the sales personnel of the Group have to be reviewed and pre-approved by an executive Director who shall compare the gross profit margin of sales to VDV to those of sales to other independent third party customers. If the terms of the orders offered by VDV are not commercially acceptable by the Group, the Group may choose not to accept the orders placed by VDV. By doing so, the Group can ensure that the terms of each sales order offered to VDV are not more favourable than those offered to independent customers.

LETTER FROM ACCESS CAPITAL

On the basis that the continuing connected transactions with VDV will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms that are no less favourable to the Group than those offered to the Group by independent third party customers, we concur with the view of the Directors that the Renewal Agreement is in the interests of the Company and the Shareholders as a whole and its terms are fair and reasonable so far as the Independent Shareholders are concerned.

3. Rationale for determining the annual caps for the continuing connected transactions with VDV

The following sets out the aggregate value of sales of ladies' intimate apparel to VDV for each of the three financial years ended 30 June 2007 and the six months ended 31 December 2007:–

	Actual sales of ladies' intimate apparel from the Group to VDV <i>(HK\$ million)</i>	Increase/ (decrease) as compared to the previous financial year/period <i>(%)</i>
For the year ended:		
30 June 2005	35.8	N.A.
30 June 2006	39.8	11.2
30 June 2007	38.7	(2.8)
For the period ended:		
31 December 2006 (unaudited)	20.2	N.A.
31 December 2007 (unaudited)	20.4	1.0

As shown above, for the three financial years ended 30 June 2007, the compound annual growth rate is approximately 4.0% and the aggregate value of sales of ladies' intimate apparel to VDV amounted to approximately HK\$35.8 million, HK\$39.8 million and HK\$38.7 million, respectively. Such aggregate value represented approximately 2.4%, 2.8% and 2.6% of the Group's audited consolidated turnover in the respective years. For the six months ended 31 December 2007, the value of sales of ladies' intimate apparel to VDV amounted to approximately HK\$20.4 million, representing a slight increase of approximately 1.0% as compared to the same period in 2006.

LETTER FROM ACCESS CAPITAL

The following sets out the proposed annual caps for the continuing connected transactions with VDV for each of the three financial years ending 30 June 2011:

	Annual sales of ladies' intimate apparel from the Group to VDV (HK\$ million)	Increase as compared to the previous financial year (%)
Proposed annual caps:		
1 July 2008 – 30 June 2009	60.0	N.A. <i>(Note)</i>
1 July 2009 – 30 June 2010	70.0	16.7
1 July 2010 – 30 June 2011	80.0	14.3

Note: The Group's actual sales of ladies' intimate apparel to VDV for the year ending 30 June 2008 is not yet available as at the Latest Practicable Date.

As stated in the "Letter from the Board", the proposed annual cap value of the continuing connected transactions with VDV for the next three financial years ending 30 June 2011 has been arrived with reference to (i) the historical sales figures as mentioned above, (ii) the discussion between the management of the Company and VDV with regard to the estimated annual growth of the sales, (iii) the estimated increase in cost of production; (iv) the value added production procedure; and (v) the prevailing and the expected market conditions.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed and discussed the information provided by the Company's senior management, namely the projected sales price, the sales volume and the buffer. In addition, we have discussed the basis and assumptions made in this respect for the year ending 30 June 2009 and noted that (i) the appreciation of Renminbi and the increase in labour cost in the PRC; and (ii) the additional costs for the value added production procedures (including but not limited to, fabric preparation and cutting or procurement of accessories) would likely to increase the cost of production. On this basis, we consider that it is reasonable for the Directors to make reference to the aforesaid factors as the basis to determine the proposed annual cap of HK\$60 million for the year ending 30 June 2009.

LETTER FROM ACCESS CAPITAL

The proposed annual caps for the financial years ending 30 June 2010 and 30 June 2011 represent a respective annual growth of approximately 16.7% and 14.3% from the preceding year. As noted from our discussions with the senior management of the Company, VDV is expanding into the lingerie market in the United States of America (as also noted from the annual report of VDV, in 2007, VDV has formed a strategic alliance with a lingerie firm in the United States of America). Coupled with the above factors, we consider that the estimation of an annual increase of approximately 16.7% and 14.3%, respectively, for the financial years ending 30 June 2010 and 30 June 2011 to be reasonable.

In view of the basis for determining the annual caps as discussed above, we consider that the proposed annual caps of HK\$60 million, HK\$70 million and HK\$80 million for each of the three financial years ending 30 June 2011, respectively, are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the background of and the reasons for the continuing connected transactions with VDV;
- (ii) the continuing connected transactions with VDV will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms that are no less favourable to the Group than those offered to the Group by independent third party customers; and
- (iii) the value of, and the basis for determining, the annual caps for the continuing connected transactions with VDV are reasonable, details of which are set out in the section headed “3. Rationale for determining the annual caps for the continuing connected transactions with VDV”.

LETTER FROM ACCESS CAPITAL

Based on the above consideration, we are of the opinion that the Renewal Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which including the annual caps of the underlying transactions are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the ordinary resolution to approve the Renewal Agreement and the annual caps of the underlying transactions contemplated under the Renewal Agreement at the SGM.

Yours faithfully
For and on behalf of
Access Capital Limited
Jimmy Chung
Principal Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange, or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO were as follows:

Long positions in Shares:

The Company

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Fung Wai Yiu	Beneficial owner and interests held by spouse and trust (<i>note 1</i>)	41,952,521	3.90%
Wong Chung Chong, Eddie	Beneficial owner and interests held by spouse and trust (<i>note 2</i>)	177,172,118	16.48%

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Marvin Bienenfeld	Beneficial owner	870,521	0.08%
Chow Yu Chun, Alexander	Beneficial owner	3,400,521	0.32%
Leung Churk Yin, Jeanny	Beneficial owner	70,521	0.01%
Leung Ying Wah, Lambert	Beneficial owner	400,000	0.04%
Lucas A.M. Laureys	Interests held by a controlled corporation (note 3)	176,181,544	16.39%
Herman Van de Velde	Interests held by a controlled corporation (note 3)	176,181,544	16.39%

Notes:

- 770,521 shares were beneficially owned by Mr. Fung Wai Yiu (“Mr. Fung”) whereas 216,000 shares were held by the spouse of Mr. Fung. 40,966,000 shares were registered in the name of Fung On Holdings Limited (“Fung On”) or its nominee. The shares of Fung On were held by a family trust of which Mr. Fung and his family were eligible beneficiaries.
- 1,480,521 shares were beneficially owned by Mr. Wong Chung Chong, Eddie (“Mr. Wong”) or his nominees whereas 100,000 shares were held by the spouse of Mr. Wong and 175,591,597 shares were registered in the name of High Union Holdings Inc., the trustee of a unit trust whereas the unit trust were held by a family trust of which the family members of Mr. Wong were eligible beneficiaries.
- 176,181,544 shares were registered in the name of VDV of which Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde were beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, and other than certain nominee shares in subsidiaries held by Directors in trust for the Company's subsidiaries, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follow:

Long positions in Shares:

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued shares capital of the Company
VDV	Beneficial owner	176,181,544	16.39%
High Union Holdings Inc.	Beneficial owner	175,591,597	16.33%
V.F. Corporation	Beneficial owner	106,000,000	9.86%
Allianz Aktiengesellschaft	Interests held by controlled corporations (note 1)	110,490,000	10.28%

Note

1. 110,490,000 shares were registered in the name of Veer Palthe Voute NV which was a indirectly wholly-owned subsidiary of Dresdner Bank, which in turn, was 81.10% indirectly owned by Allianz Aktiengesellschaft.

Save as disclosed above, as at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Lucas Laureys and Mr. Herman Van de Velde are the respective President and Managing Director of VDV and both have indirect interests in VDV whose principal business activity is the manufacture and marketing of luxury lingerie, therefore, they were considered to have interests in business which compete or is likely to compete, either directly or indirectly, with the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contracts with the Company or any member of the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, other than matters already set out in the Company's annual report for the year ended 30 June 2007, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2007, being the date to which the latest published audited accounts of the Company were made up.

6. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualification
“Access Capital”	a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO

Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and opinion in the form and context in which they respectively appear in this circular.

7. EXPERT’S INTERESTS IN ASSETS

Access Capital has confirmed that as at the Latest Practicable Date, it did not have any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group nor did it have any direct or indirect interests in any assets which have since 30 June 2007 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Michael Austin, who is a Fellow Member of the Institute of Chartered Accountants in England and Wales and an Associate Member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

- (d) The principal office of the Company in Hong Kong is at Room 1813, 18th Floor, Tower 1, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong.
- (e) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 30 June 2007 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group;
- (f) There is no contract or arrangement entered into by any member of the Group, subsisting as at the date hereof in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.
- (g) In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company at Room 1813, 18th Floor, Tower 1, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong during normal business hours on any weekday (public holidays excepted) up to and including Wednesday, 23 July 2008:

- (a) the memorandum of association and New Bye-laws of the Company;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 11 to 12 of this circular;
- (c) the letter from Access Capital, the text of which is set out on pages 13 to 23 of this circular;
- (d) the annual reports of the Company for the financial years ended 30 June 2005, 2006 and 2007;
- (e) the Renewal Agreement; and
- (f) the written consent from the Independent Financial Adviser referred to in the section headed “6. Qualification of expert and consent” in this appendix.

NOTICE OF SPECIAL GENERAL MEETING



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders (“Shareholders”) of Top Form International Limited (the “Company”) will be held at Meeting Room, Level 8, Royal Plaza Hotel, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong, on Wednesday, 23 July, 2008 at 11:00 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the ordinary resolution set out below:

ORDINARY RESOLUTION

“THAT:

- (A) the Renewal Agreement, as defined and described in the circular of the Company dated 4 July 2008 (the “Circular”), a copy of the agreement are tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and the terms of the transactions contemplated under the Renewal Agreement and the implementation thereof be and are hereby accepted and approved; and
- (B) the proposed annual caps in relation to the sales to Van De Velde N.V. as described in the Renewal Agreement and the Circular respectively for each of the three financial years ending 30 June 2011 be and are hereby approved.”

By Order of the Board
Top Form International Limited
Michael Austin
Company Secretary

Hong Kong, 4 July 2008

Principal office:

Room 1813, 18th Floor
Tower 1, Grand Century Place
193 Prince Edward Road West
Kowloon
Hong Kong

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's share registrar in Hong Kong, Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting.
3. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
4. The directors of the Company as at the date of this notice are Mr. Fung Wai Yiu and Mr. Wong Chung Chong, Eddie as executive Directors, Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde and Ms. Leung Churk Yin, Jeanny as non-executive Directors, Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive Directors.