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If you have sold or transferred all your securities in Top Form International Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

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

 **Investec**

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee is set out on pages 11 and 12 of this circular. A letter from Investec to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 25 of this circular.

The notice convening the SGM is set out on pages 32 and 33 of this circular. The SGM is to be held at Unit 1501, 15/F., Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 25 May 2017 at 1:00 p.m. to approve the 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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the SGM 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 SGM or any adjournment thereof should you so wish.

* *for identification purposes only*

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DEFINITIONS

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

“1st Renewal Agreement”	the renewal agreement dated 12 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
“2nd Renewal Agreement”	the renewal agreement dated 1 April 2011 entered into between the Company and VDV to renew the terms of the Master Agreement for a period from 1 July 2011 to 30 June 2014
“3rd Renewal Agreement”	the renewal agreement dated 9 April 2014 entered into between the Company and VDV to renew the terms of the Master Agreement for a period from 1 July 2014 to 30 June 2017
“4th Renewal Agreement”	the renewal agreement dated 10 April 2017 entered into between the Company and VDV to renew the terms of the Master Agreement for a period from 1 July 2017 to 30 June 2020
“associates”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Top Form International Limited, an exempted 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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	an independent board committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the terms of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	Shareholders other than Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde, VDV and their respective associates
“Investec” or “Independent Financial Adviser”	Investec Capital Asia Limited, a corporation licensed 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, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement
“Latest Practicable Date”	26 April 2017, 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
“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 on 25 May 2017 at 1:00 p.m. to consider and approve the 4th Renewal Agreement and the annual caps of the underlying transactions contemplated under the 4th Renewal Agreement
“Shareholders”	holders of the Shares
“Shares”	shares of HK\$0.50 each in the capital of the Company
“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 Euronext Brussels stock exchange
“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)

Executive Directors:

Wong Chung Chong (Chairman)

Wong Kai Chi, Kenneth (Managing Director)

Wong Kai Chung, Kevin (Vice Chairman)

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

Fung Wai Yiu

Lucas A.M. Laureys

Herman Van de Velde

Principal Place of Business

In Hong Kong:

Unit 1501, 15th Floor

Tower A, Manulife Financial Centre

No. 223–231 Wai Yip Street

Kwun Tong, Kowloon

Hong Kong

Independent non-executive Directors:

Marvin Bienenfeld

Chow Yu Chun, Alexander

Leung Churk Yin, Jeanny

Leung Ying Wah, Lambert

Lin Sun Mo, Willy

4 May 2017

To the Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 18 September 2005, 18 June 2008, 1 April 2011, 9 April 2014, 30 April 2014 and 10 April 2017 in respect of the continuing connected transactions between the Group and VDV.

The Company entered into the Master Agreement, the 1st Renewal Agreement, the 2nd Renewal Agreement and the 3rd Renewal Agreement with VDV with regard to the sale of ladies' intimate apparel by the Group to VDV. Given that the 3rd Renewal Agreement will expire on 30 June 2017 and the Group expects that the continuing connected transactions will continue on a recurring basis, the Company entered into the 4th Renewal Agreement with VDV

* for identification purposes only

LETTER FROM THE BOARD

to renew the terms of the Master Agreement for a further three years commencing from 1 July 2017 and ending on 30 June 2020 to continue the sale of ladies' intimate apparel by the Group to VDV.

Details of the 4th Renewal Agreement

- Date of the agreement: 10 April 2017
- 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: Three years from 1 July 2017 to 30 June 2020. Thereafter, subject to compliance with the applicable Listing Rules, the 4th Renewal Agreement may be renewed for each and every three-year interval in the future.
- Pricing policy: The 4th Renewal Agreement sets out the framework of the pricing policy. The actual pricing and the terms and conditions of payment shall be determined between the parties on each purchase order basis. The ladies' intimate apparel manufactured by the Group varies in design, features, complexity and manufacturing time. The selling price of each product is determined by reference to the total costs per product, plus a certain range of markup rate with minimum markup rate of no less than 5%. The markup rate is determined by reference to different product category and will be varied from different value added procedures and manufacturing time of each product in different product category. Such sales will be satisfied in cash within a period of 7 days or 30 days (applicable as the case may be).
- All the price quotations to VDV would be prepared by the sales teams of the Group and subject to the review and pre-approval of an executive Director (who does not have any material interests in the transactions). The executive Director will compare the gross profit margin of sales to VDV to those of sales to other independent third party customers of the same product category with similar features, complexity and manufacturing time. If the terms of the orders offered by VDV after the price negotiations are below the lower limit of the markup rate, the Group may choose not to accept the orders placed by VDV. By doing so, the Directors consider that the sales transactions are conducted on normal commercial terms and on terms no more favourable than those charged by the Group to other independent third party customers and not prejudicial to the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The following table sets out more detailed information about the sales of ladies' intimate apparel by the Group to VDV for the two financial years ended 30 June 2016 and for the period from 1 July 2016 to 31 December 2016:

For the year/ period ended	Actual sales of ladies' intimate apparel by the Group to VDV <i>(HK\$ million)</i>	Percentage of the actual sales representing the Group's audited consolidated turnover <i>(%)</i>	Annual caps <i>(HK\$ million)</i>	Respective annual/ period growth rate of sales <i>(%)</i>
30 June 2015	91.5	7.8	140	—
30 June 2016	99.5	8.4	170	8.7
From 1 July 2016 to 31 December 2016	52.2 (unaudited)	9.8 (unaudited)	200 (for the financial year ending 30 June 2017)	11.1 (<i>Note 1</i>)

Note 1: Comparing with the sale of ladies' intimate apparel to VDV of HK\$47.0 million for the six months ended 31 December 2015.

Based on (i) the historical sales figures and growth rate of sales as mentioned above; (ii) the discussions between the management of the Company and VDV in arriving at the annual caps and the projections of annual growth rate for each of the three financial years ending 30 June 2020; (iii) anticipated growth in sales from VDV's continued expansion in Europe; (iv) the estimated increase in cost of production, in particular, the escalating labour costs in the regions where the Group operates its production facilities; (v) the value added production procedures; and (vi) the prevailing and the expected market conditions, the Directors propose that the annual caps for the sale of ladies' intimate apparel by the Group to VDV for the three financial years ending 30 June 2020 will be HK\$130 million for the year ending 30 June 2018, HK\$145 million for the year ending 30 June 2019 and HK\$160 million for the year ending 30 June 2020, respectively.

Having considered (i) the historical actual annual growth rate; (ii) the increasing trend of VDV's business to the Group's consolidated turnover; (iii) the discussions between the management of the Company and VDV in arriving at the annual caps and the projections of annual growth rate for each of the three financial years ending 30 June 2020; (iv) VDV's continued expansion in Europe; and (v) the anticipated increase in cost of production, the Directors are of the view that the proposed annual caps are fair and reasonable, on normal commercial terms and in the interest of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

In order to ensure the amount of transactions contemplated under the 4th Renewal Agreement will not exceed the proposed annual caps, the senior management of the Company will monitor the total transaction amount and projected amount of transactions that may possibly be incurred in the coming months in respect of the transactions under the 4th Renewal Agreement on a monthly basis.

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 entering into the 4th Renewal Agreement and the transactions contemplated thereunder

The Company is an investment holding company. The principal business activities of the Group are the design, manufacture and distribution of ladies' intimate apparel, principally brassieres.

VDV is a manufacturer and marketer of luxury lingerie.

For the past 35 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 4th Renewal Agreement to renew the terms of the Master Agreement for a period of three years ending 30 June 2020.

The transactions contemplated under the 4th Renewal Agreement are expected to continue on a recurring basis 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 not aware of any disadvantage of the transactions contemplated under the 4th Renewal Agreement to the Group. The Directors are of the view that the terms of the 4th Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

Given that (i) Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde, the non-executive director and the chairman of VDV respectively, are non-executive Directors of the Company; (ii) Mr. Herman Van de Velde and the two daughters of Mr. Lucas A.M. Laureys (associates of Mr. Lucas A.M. Laureys under Chapter 14A of the Listing Rules) hold an indirect equity interest of 56.26% in VDV via a jointly controlled corporation; and (iii) VDV, a substantial shareholder of the Company, is beneficially and directly interested in approximately 25.66% of the entire issued share capital of the Company, the transactions between the Group and VDV contemplated under the 4th Renewal Agreement therefore constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

As one of the applicable percentage ratios in respect of the annual cap for each of the three financial years ending 30 June 2018, 2019 and 2020 exceeds 5%, the continuing connected transactions under the 4th Renewal Agreement are subject to the reporting,

LETTER FROM THE BOARD

announcement and Independent Shareholders' approval requirements, and annual review by the independent non-executive Directors and the auditors of the Company under Chapter 14A of the Listing Rules. As the continuing connected transactions are of a revenue nature and in the ordinary and usual course of business of the Company, pursuant to Rule 14.04(1)(g) of the Listing Rules, the continuing connected transactions are exempted from the requirements under Chapter 14 of the Listing Rules.

Formation of an independent board committee and appointment of independent financial adviser

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 4th 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 Independent Shareholders as a whole.

Investec, an Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated therein are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

Directors' interests in the 4th Renewal Agreement

As at the Latest Practicable Date, Mr. Herman Van de Velde and the two daughters of Mr. Lucas A.M. Laureys (associates of Mr. Lucas A.M. Laureys under Chapter 14A of the Listing Rules) were deemed to be interested in 55,184,708 Shares, representing approximately 25.66% of the entire issued share capital of the Company by virtue of their indirect holding of 100% equity interest of Van de Velde Holding N.V., which in turn, directly held 56.26% of the equity interest of VDV. VDV is a substantial shareholder of the Company holding approximately 25.66% of the entire issued share capital of the Company.

Mr. Herman Van de Velde and Mr. Lucas A.M. Laureys, who have material interests in the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder, have abstained from voting on the relevant board resolutions. Each of Mr. Herman Van de Velde, Mr. Lucas A.M. Laureys, VDV and their respective associates will abstain from voting on the resolution in relation to the 4th Renewal Agreement and the relevant annual caps of the underlying transactions to be passed at the SGM.

Save as aforesaid mentioned, none of the Directors has material interests in the 4th Renewal Agreement and are required to abstain from voting on the relevant resolution at the SGM.

LETTER FROM THE BOARD

CIRCULAR

The purposes of this circular are:

- (i) to provide the Independent Shareholders with details of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement;
- (ii) to set out the view of and the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement;
- (iii) to set out the opinion and recommendation of Investec in respect of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement to the Independent Board Committee and Independent Shareholders; and
- (iv) to give notice of the SGM to consider and, if thought fit, to approve the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Unit 1501, 15/F., Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 25 May 2017 at 1:00 p.m. to approve the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder is set out on pages 32 and 33 of this circular.

Each of Mr. Herman Van de Velde, Mr. Lucas A.M. Laureys, VDV and their respective associates will abstain from voting on the relevant resolution in relation to the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders on the resolutions set out in the notice of the SGM must be taken by poll. The chairman of the SGM will therefore demand a poll for every resolution put forward at the SGM.

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 Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the SGM 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 SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

After the conclusion of the SGM, the results of the poll will be released on the HKExnews website at www.hkexnews.hk and the Company's website at www.topformbras.com.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 11 and 12 of this circular which contains its recommendation to the Independent Shareholders on the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder.

Your attention is also drawn to the letter of advice received from Investec which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement. The letter from Investec is set out on pages 13 to 25 of this circular.

The Directors are of the opinion that the approval of the 4th 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 recommend you to vote in favour of the ordinary resolutions to be proposed at the SGM.

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
Wong Chung Chong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Shareholders:



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

4 May 2017

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 4 May 2017 of the Company (the “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 and to advise the Independent Shareholders whether the terms of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated thereunder the 4th Renewal Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned. Investec has been appointed to advise the Independent Board Committee and the Independent Shareholders in the abovementioned context.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 10 of the Circular, and the “Letter from Investec” set out on pages 13 to 25 of the Circular which contains its advice in respect of the terms of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Investec as stated in its aforementioned letter of advice, we are of the opinion that the terms of the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement are on normal commercial terms, 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.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement.

Yours faithfully,
The Independent Board Committee
Marvin Bienenfeld
Chow Yu Chun, Alexander
Leung Churk Yin, Jeanny
Leung Ying Wah, Lambert
Lin Sun Mo, Willy
Independent non-executive Directors

LETTER FROM INVESTEC

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Independent Shareholders in relation to the 4th Renewal Agreement and the annual caps of the underlying transaction contemplated under the 4th Renewal Agreement prepared for the purpose of inclusion in this Circular



Investec Capital Asia Limited
3609, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

4 May 2017

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

Dear Sirs/Madams,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 4th Renewal Agreement and the relevant annual caps of the underlying transactions contemplated under the 4th Renewal Agreement, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular dated 4 May 2017 (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 4th Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

The Board announced that on 10 April 2017, in view of the expiration of the 3rd Renewal Agreement on 30 June 2017 and with the anticipation that the continuing connected transactions will continue on a recurring basis, the Company entered into the 4th Renewal Agreement with VDV to renew the terms of the Master Agreement for a further three years ending on 30 June 2020 to continue the sale of ladies’ intimate apparel to VDV.

Given that (i) Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde, the non-executive Director and the Chairman of VDV respectively, are non-executive Directors of the Company; (ii) Mr. Herman Van de Velde and the two daughters of Mr. Lucas A.M. Laureys (associates of Mr. Lucas A.M. Laureys under Chapter 14A of the Listing Rules) hold an indirect equity interest of 56.26% in VDV via a jointly controlled corporation; and (iii) VDV, a substantial shareholder of the Company, is beneficially and directly interested in approximately 25.66% of the entire issued share capital of the Company, the transactions between the Group and VDV contemplated under the 4th Renewal Agreement therefore constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

LETTER FROM INVESTEC

As one of the applicable percentage ratios in respect of the annual cap for each of the three financial years ending 30 June 2018, 2019 and 2020 exceeds 5%, the continuing connected transactions under the 4th Renewal Agreement are subject to reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. As the continuing connected transactions are of a revenue nature in the ordinary and usual course of business of the Company, pursuant to Rule 14.04(1)(g) of the Listing Rules, the continuing connected transactions will be exempted from the requirements under Chapter 14 of the Listing Rules.

Each of Mr. Herman Van de Velde, Mr. Lucas A.M. Laureys, VDV and their respective associates will abstain from voting on the relevant resolution in relation to the 4th Renewal Agreement and all transactions contemplated thereunder at the SGM.

Save as aforesaid mentioned, none of the Directors has material interests in the 4th Renewal Agreement and are required to abstain from voting on the relevant resolution at the SGM.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of three executive Directors, namely, Mr. Wong Chung Chong, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin; three non-executive Directors, namely Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde; and five independent non-executive Directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, 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, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, has been established to consider the terms of the 4th 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 4th 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 Independent Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 4th 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 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 4th Renewal Agreement and the annual caps of the underlying transactions contemplated thereunder for their consideration when making their recommendation to the Independent Shareholders.

LETTER FROM INVESTEC

As at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction. Save for our appointment as the Independent Financial Adviser, we did not act as an independent financial adviser to the Group in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. 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 (the “**Management**”) 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 the Management 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 Management 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 Management 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 Management 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 consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. 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, VDV or any of their subsidiaries or the prospects of the markets in which they respectively operate.

LETTER FROM INVESTEC

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the 4th Renewal Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information and reasons for the 4th Renewal Agreement

1.1 Information on the Group

The Company is an investment holding company, in which the principal activities of the Group are the design, manufacture and distribution of ladies' intimate apparel, principally brassieres. As set out in the Company's latest published interim report for the six months ended 31 December 2016 (the "2017 Interim Report") and annual report for the year ended 30 June 2016 (the "2016 Annual Report") respectively, the Group has only one operating segment, namely manufacturing business. As stated in the 2016 Annual Report, Thailand, the PRC (in Shenzhen, Nanhai and Jiangxi regions) and Cambodia accounted for approximately 49%, 41% and 10% of the Group's global production capacity, respectively.

1.2 Historical financial performance of the Group

Set out below is a summary of (i) the audited consolidated results of the Group for the years ended 30 June 2015 and 2016 as extracted from the 2016 Annual Report; and (ii) the unaudited consolidated results of the Group for the six months ended 31 December 2015 and 2016 as extracted from the 2017 Interim Report.

<i>HK\$'000</i>	For the six months ended 31 December		For the year ended 30 June	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	534,626	618,047	1,179,025	1,170,468
Cost of sales	<u>(437,440)</u>	<u>(508,321)</u>	<u>(968,424)</u>	<u>(951,316)</u>
Gross profit	<u>97,186</u>	<u>109,726</u>	<u>210,601</u>	<u>219,152</u>
Profit before tax	3,252	23,055	39,944	42,127
Income tax expense	<u>(911)</u>	<u>(3,025)</u>	<u>(5,660)</u>	<u>(6,219)</u>
Profit for the period/year	2,341	20,030	34,284	35,908
Profit for the period/year attributable to:				
— Owners of the Company	1,701	18,685	32,298	34,178
— Non-controlling interests	640	1,345	1,986	1,730

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As set out in the 2017 Interim Report, the Group recorded revenue of approximately HK\$534.6 million, representing a decrease of approximately 13.5% compared to approximately HK\$618.0 million for the six months ended 31 December 2016. For the six months ended 31 December 2016, the Group recorded profit attributable to the owners of the Company of approximately HK\$1.7 million, representing a decrease of approximately 90.9% as compared to HK\$18.7 million for the corresponding six month period in 2015. The Management advised that the decrease in profitability was primarily attributable to (i) weak business demand particularly in the U.S. market; and (ii) tightening of inventory levels.

As set out in the 2016 Annual Report, the Group recorded total revenue of approximately HK\$1,179.0 million, representing a slight increase of approximately 0.7% compared to approximately HK\$1,170.5 million for the year ended 30 June 2015. For the year ended 30 June 2016, the Group recorded profit attributable to the owners of the Company of approximately HK\$32.3 million, representing approximately 5.6% decrease as compared to approximately HK\$34.2 million for the year ended 30 June 2015. The Group's decrease in gross profit and after tax earnings for the year ended 30 June 2016 were primarily attributable to (i) the challenging business environment and rising labour costs in the PRC and Cambodia; and (ii) the tightening in inventory level in the supply chain.

In terms of revenue generated by geographical segment, for the two years ended 30 June 2015 and 2016, the Group generated approximately HK\$659.1 million and HK\$694.7 million of its sales revenue from the United States of America, representing approximately 58.9% and 56.3% of the Group's revenue, respectively. We also note that sales to European countries, including sales to Belgium, France, Germany, The Netherlands and Spain, had aggregate revenue which amounted to approximately HK\$258.0 million and approximately HK\$271.8 million for the year ended 30 June 2015 and 2016, respectively. This accounted for approximately 22.0% and 23.0% of the Group's turnover for the respective financial years.

Sales to VDV by the Group for the year ended 30 June 2015 and 2016 amounted to approximately HK\$91.5 million and HK\$99.5 million, respectively, representing approximately 7.8% and 8.4% of the Group's total revenue, respectively.

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1.3 Historical financial position of the Group

<i>HK\$'000</i>	As at 31 December 2016 (Unaudited)	As at 30 June 2016 (Audited)
Non-current assets	207,844	221,820
Current assets	<u>520,879</u>	<u>494,277</u>
Total Assets	<u>728,723</u>	<u>716,097</u>
Current liabilities	150,451	122,237
Non-current liabilities	<u>23,856</u>	<u>25,027</u>
Total liabilities	<u>174,307</u>	<u>147,264</u>
Total equity	554,416	568,833
— Equity attributable to owners of the Company	543,413	557,718
— Non-controlling interests	11,003	11,115

As at 31 December 2016, the Group had total assets and total liabilities of approximately HK\$728.7 million and HK\$174.3 million, respectively. Total equity attributable to owners of the Company decreased to approximately HK\$543.4 million as at 31 December 2016 from approximately HK\$557.7 million as at 30 June 2016, which was primarily attributable the net effect of (i) the decrease in investment properties of approximately HK\$22.5 million; (ii) the decrease in bank balance and cash of approximately HK\$29.0 million; (iii) the increase in creditors and accrued charges of approximately HK\$29.1 million; (iv) the increase in investment property held for sale of approximately HK\$19.0 million; and (v) the increase in inventories of approximately HK\$27.3 million.

1.4 Information on the VDV

As set out in its website, VDV was formed around 1920 and its shares have been listed on the Brussels Stock Exchange since 1997. VDV, together with its subsidiaries, design, develop, manufacture and market fashionable luxury lingerie under its own brand names in Europe. As set out in its annual report for the year ended 31 December 2016, VDV has two operating segments, namely wholesale and retail. Wholesale refers to business with independent specialty retailers (customers external to the VDV group), and retail refers to business through its own retail network (stores and franchisees). For each of the years ended 31 December 2015 and 2016, its wholesale business contributed over 75% of its revenue.

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Set out below is a summary of the VDV's operating results for the financial years ended 31 December 2015 and 2016, extracted from VDV's annual results press release:

	For the year ended	
	31 December	
	2016	2015
	<i>million</i>	<i>million</i>
Turnover	EUR 206.6 <i>(HK\$1,741.6)</i>	EUR 209.0 <i>(HK\$1,761.9)</i>
— Eurozone (<i>Note 1</i>)	EUR 139.3	EUR 134.4
— Others (<i>Note 2</i>)	EUR 67.3	EUR 74.6

Notes:

- (1) Eurozone markets for VDV mainly comprised of Belgium, Germany and the Netherlands
- (2) Other market for VDV mainly comprise of United States of America
- (3) For illustration purpose only, Euro is converted into HK\$ at the rate of EUR 1: HK\$8.43

As illustrated above, for the year ended 31 December 2016, VDV recorded a turnover of approximately EUR206.6 million, representing a decrease of approximately 1.1% from the turnover of approximately EUR209.0 million recorded for the year ended 31 December 2015.

1.5 Reasons for the 4th Renewal Agreement

As set out in the Letter from the Board, the Group has been supplying ladies' intimate apparel to VDV for the past 35 years. To facilitate these transactions, the Company entered into the Master Agreement, the 1st Renewal Agreement, the 2nd Renewal Agreement and the 3rd Renewal Agreement with VDV with regard to the sale of ladies' intimate apparel by the Group to VDV.

In view of the expiration of the 3rd Renewal Agreement entered into between the Company and VDV with regard to the sale of ladies intimate apparel by the Group to VDV on 30 June 2017 and the anticipation that the continuing connected transactions will continue on a recurring basis, the Company entered into the 4th Renewal Agreement with VDV to renew the terms of the Master Agreement for a further three years ending on 30 June 2020 to continue the sales of ladies' intimate apparel to VDV (the "**Continuing Connected Transactions**").

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Based on the historical sales figures as set out under the section headed “1.1 Information on the Group” in this letter, sales to European countries accounted for a significant portion of the Group’s turnover during each of the two years ended 30 June 2015 and 2016, respectively. In view of the significance of the European market to the Group, and VDV, being one of the leading sellers of luxury lingerie products in Europe and an established customer of the Group for over 35 years, which the Group supplied them with high quality products, we consider that it is in the interest of the Group to continue to sell ladies’ intimate apparel to VDV.

Given that (i) the principal activities of the Company are design, manufacturing and distribution of ladies’ intimate apparel; (ii) Europe is a significant market to the Group’s business; and (iii) the Company has been supplying quality and exacting ladies intimate apparel to VDV for the past 35 years where the Company gained valuable product insights and market trends, we concur with the view of the Directors that the entering into the 4th Renewal Agreement is in the ordinary course of business and in the interests of the Company and the Shareholders as a whole.

2. Terms of the 4th Renewal Agreement

The 4th Renewal Agreement renews the terms of the Master Agreement for a further three years commencing from 1 July 2017 to 30 June 2020 and facilitates the continuing sales of ladies’ intimate apparel to VDV and its subsidiaries by the Group.

Pursuant to the 4th Renewal Agreement, the selling price of each product is determined by reference to the total costs per product, plus a certain range of mark-up rate with minimum markup rate of no less than 5%. The markup rate is determined by reference to different product category and will vary from different value added procedures and manufacturing time of each product in different product category. In addition, pursuant to the 4th Renewal Agreement, sales to VDV will be satisfied in cash within a period of 7 days or 30 days (applicable as the case may be). As noted from the 4th Renewal Agreement, while it 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. The ladies’ intimate apparel manufactured by the Group varies in design, features, complexity and manufacturing time. Based on the foregoing, the Directors are of the view that the terms of the 4th Renewal Agreement are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

We have reviewed 10 samples of sales record of ladies’ intimate apparel between the Group and its customers, including sales to VDV and to independent third party customers. The VDV sample selection covered five different product designs with various complexity, and we have also requested the Company to provide five products supplied to independent third parties which are comparable to the five sampled products supplied to VDV for comparison purposes. Given the Group manufactures a wide range of ladies’ intimate apparel, which varies in design, features, complexity and manufacturing time, such factors would in turn affect the profit margin of a particular type of product. Taking the above factors into consideration, the Management divided its ladies’ intimate apparel

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into different product categories. The Management advised that the markup rate is determined by reference to different product category and varied for different product category and value added procedures carried out by the Group for the subject product in different product categories. For meaningful analysis, we have requested and the Management has provided sales transactions with independent third party customers of the same product category as the sampled VDV sales transactions. We note that the profit margin¹ of the sampled sales to VDV was no less favourable than the profit margin¹ recorded from the comparable sampled sales to independent third party customers. Furthermore, we note that the credit period offered to VDV, as stipulated in the 4th Renewal Agreement, is 7 days or 30 days (applicable as the case may be), which is not less favourable than that of the average credit period offered to independent third parties of approximately 45 days based on the 2016 Annual Report.

We also understand from the Management that all the quotations to VDV prepared by the sales team of the Group are subject to review and pre-approval by an executive Director (who does not have any material interest in the transactions). The executive Director will compare the gross profit margin of sales to VDV to those of sales to other independent third party customers of the same product category with similar features, complexity and manufacturing time. If the terms of the orders offered by VDV, after price negotiations are below the lower limit of the mark-up rate, the Group may choose not to accept the orders placed by VDV. By doing so, the Group can evaluate and ensure that the terms of each sales to VDV are no more favourable than the terms to independent third party customers. We have obtained and discussed with the Management quotations to VDV prepared by the sales team of the Group and noted that the sampled transactions were approved by an executive Director.

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 more favourable than those offered to independent third party customers, the 4th Renewal Agreement facilitates the Company to transact with VDV (subject to acceptable terms), we concur with the view of the Directors that the 4th Renewal Agreement is in the interests of the Company and the Independent Shareholders as a whole and its terms are fair and reasonable so far as the Independent Shareholders are concerned.

¹ exclude material costs and corporate overheads

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3. Basis for determining the annual caps

The following sets out the aggregate value of sales of ladies' intimate apparel to VDV for each of the two financial years ended 30 June 2015 and 2016 and each of the six months period ended 31 December 2015 and 2016, respectively:

	Actual sales of ladies' intimate apparel by the Group to VDV <i>(HK\$ million)</i>	Sales to overall revenue for the respective year/period <i>(%)</i>	Annual caps <i>(HK\$ million)</i>	Respective annual/period cap utilisation rate <i>(%)</i>
For the year ended:				
30 June 2015	91.5	7.8	140.0	65.4
30 June 2016	99.5	8.4	170.0	58.5
For the six-month ended:				
31 December 2015 (unaudited)	47.0	7.6	170.0	27.6 ¹
31 December 2016 (unaudited)	52.2	9.8	200.0	26.1 ¹

Note:

1. Utilisation rate based on unaudited information for the six months ended 31 December 2015 and 2016 provided by the management of the Company, respectively.

As shown above, for each of the financial years ended 30 June 2015 and 2016, the aggregate value of sales of ladies' intimate apparel to VDV amounted to approximately HK\$91.5 million and HK\$99.5 million, respectively, representing approximately 7.8% and 8.4% of the Group's audited consolidated revenue of the respective financial years. For the six months period ended 31 December 2016, the sales of ladies' intimate apparel to VDV amounted to approximately HK\$52.2 million, representing approximately 9.8% of the Group's unaudited consolidated revenue of that period. The respective utilisation rate for the annual caps for the two years ended 30 June 2016 and the six months period ended 31 December 2016 are approximately 65.4%, 58.5% and 26.1%, respectively.

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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 2020:

	Proposed annual caps (HK\$ million)	Increase/ decrease as compared to the previous financial year (%)
1 July 2017–30 June 2018	130.0	(35.0)
1 July 2018–30 June 2019	145.0	11.5
1 July 2019–30 June 2020	160.0	10.3

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 2018, 2019 and 2020 have been arrived with reference to (i) the historical sales figures and growth rate of sales as mentioned above; (ii) the discussions between the Management and VDV in arriving at the annual caps and the projections of annual growth rate for each of the three financial years ending 30 June 2020; (iii) anticipated growth in sales from VDV's continued expansion in Europe; (iv) the estimated increase in cost of production, in particular, the escalating labour costs in the regions where the Group operates its production facilities; (v) the value added production procedures; and (vi) the prevailing and the expected market conditions.

We also note that with a view to ensure the amount of transactions contemplated under the 4th Renewal Agreement will not exceed the proposed annual caps, the senior management of the Company shall monitor the total transaction amount to date and projected amount of transactions that may take place in the coming months in respect of transactions under the 4th Renewal Agreement on a monthly basis. Nonetheless, the Management advised that in the event the estimated transaction amount exceeds the annual cap for the relevant year, the Company shall comply with the relevant requirements under the Listing Rules as and when appropriate.

In addition to the above, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Continuing Connected Transactions are conducted in accordance with the relevant agreement governing the Continuing Connected Transactions (i.e. the 4th Renewal Agreement upon it becoming effective) and that the annual caps have not been exceeded. Furthermore, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of the Continuing Connected Transactions or the annual caps not being exceeded. The Company has confirmed that the Directors (including the independent non-executive Directors) will continue the practice

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to review and confirm the same and the auditors of the Company will perform the same review and confirmation in respect of the Continuing Connected Transactions for each of the three years ending 30 June 2020.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed and discussed the information provided by the Management, namely the estimated average sales price per dozen, the estimated sales volume and the basis of the buffer for the three years ending 30 June 2020. We also note that the period-on-period increase in sales to VDV for the year ended 30 June 2016 and six months period ended 31 December 2016, which represents a growth of approximately 8.7% and 11.1%, respectively. In particular, the utilisation rate for the annual caps for the two years ended 30 June 2016 amounted to approximately 65.4% and 58.5%, respectively. For the six months ended 31 December 2016, sales to VDV amounted to approximately HK\$52.2 million. The annualised amount of such sales figure would be approximately HK\$104.4 million, which would represent over 80% of the proposed annual cap of HK\$130.0 million for the year ending 30 June 2018.

Furthermore, we have discussed the basis and assumptions with the Management and noted that the additional costs for the value added production procedures may further increase the costs of production. On the aforementioned 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 caps of HK\$130.0 million, HK\$145.0 million, and HK\$160.0 million for the three financial years ending 30 June 2020.

The proposed annual caps for the three financial years ending 30 June 2020 represent a respective annual (reduction)/growth of approximately (35.0%), 11.5% and 10.3% from the preceding year. The Management advised that the proposed annual cap for the financial year ending 30 June 2018 was based primarily on the historical and expected sales to VDV.

The annual caps for the two financial years ending 30 June 2019 and 2020 represent an increase of approximately 11.5% and 10.3%, respectively, such are broadly in line with the historical year-on-year/period-on-period growth rate in sales to VDV of approximately 8.7% for the year ended 30 June 2016 and 11.1% for the six months period ended 31 December 2016. In addition to the sales growth, we note that the aggregate value of sales of ladies' intimate apparel to VDV with respect to the Group's consolidated turnover for the year ended 30 June 2015 increased from approximately 7.8% to approximately 8.4% for the year ended 30 June 2016. We also note that the aggregate value of sales of ladies' intimate apparel to VDV with respect to the Group's consolidated turnover for the six months period ended 31 December 2016 was approximately 9.8%. As advised by the Management, VDV is expanding into the lingerie market in Europe. As set out in VDV's annual report for the year ended 31 December 2016, the construction of the group's new head office in Belgium was completed at the end of 2016. Supplemented by VDV continued expansion in Europe, additional sales to VDV is expected by the Management. In addition, as set out in the 2017 Interim Report, the Group's cost base continued to increase attributable to factors such as the increase in general and administrative expenses by approximately 6.3% during the six months ended 31 December 2016. Furthermore,

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based on the published statistics of World Bank², inflation for the PRC and Thailand (where the Group's principal manufacturing bases are located) were approximately 2.0% and 0.2% for 2016, respectively.

Having considered the aforesaid factors, in particular (i) the historical utilisation of the annual caps; (ii) the historical/annualised transaction amount with VDV compared to that of the proposed annual cap for the year ending 30 June 2018; (iii) expansion of VDV within the lingerie market in Europe which is one of the largest markets of the Group by revenue for the year ended 30 June 2016; (iv) the historical actual annual growth rate; (v) the increasing trend of VDV's business to the Group's consolidated turnover; and (vi) the Group's cost base and expected rise in production costs attributable to the expected increase in wages and inflation, we consider that the proposed annual caps of HK\$130.0 million, HK\$145.0 million and HK\$160.0 million for each of the three financial years ending 30 June 2018, 2019 and 2020, which represent a year-on-year (decrease)/increase of approximately (35.0%), 11.5% and 10.3%, to be fair and reasonable so far as the Independent Shareholders are concerned.

V. RECOMMENDATION

Having considered the factors as set out in this letter above, we are of the view that the 4th 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 Independent Shareholders as a whole, and the terms of which including the proposed annual caps of the underlying transactions are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the 4th Renewal Agreement and the annual caps of the underlying transactions contemplated under the 4th Renewal Agreement at the SGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Lewis Lai
Managing Director
Corporate Finance

Mr. Lewis Lai of Investec Capital Asia Limited is a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 10 years, and has been involved in and completed various corporate finance advisory transactions.

² source: www.worldbank.org

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors or chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 each of them is taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions:

Ordinary shares of HK\$0.50 each of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wong Chung Chong	Beneficial owner and interests held by spouse and trust and persons acting in concert (<i>note 1</i>)	60,826,823	28.29%
Wong Kai Chi, Kenneth	Beneficiary of trust and persons acting in concert (<i>note 2</i>)	60,626,823	28.19%
Wong Kai Chung, Kevin	Beneficiary of trust and interests held by a controlled corporation and persons acting in concert (<i>note 3</i>)	60,626,823	28.19%
Marvin Bienenfeld	Beneficial owner	170,000	0.08%
Chow Yu Chun, Alexander	Beneficial owner	680,104	0.32%

Name of Director	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 (<i>note 4</i>)	8,705,704	4.05%
Leung Churk Yin, Jeanny	Beneficial owner	14,104	0.01%
Leung Ying Wah, Lambert	Beneficial owner	80,000	0.04%
Herman Van de Velde	Interests held by a controlled corporation (<i>note 5</i>)	55,184,708	25.66%

Notes:

- 4,288,504 shares were beneficially owned by Mr. Wong Chung Chong (“**Mr. Wong**”) whereas 220,000 shares were held by the spouse of Mr. Wong and 52,318,319 shares were registered in the name of High Union Holdings Inc., the shares of which were held by Safeguard Trustee Limited, a trustee of a family trust of which Mr. Wong is the settlor and the family members of Mr. Wong were eligible beneficiaries. 4,000,000 shares were registered in the name of Triple Gains Ventures Limited (“**TGV**”), 41.36% equity interest of which was held by Mr. Wong Kai Chung, Kevin (“**Mr. Kevin Wong**”), and deemed to be interested by Mr. Wong who was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply.
- 52,318,319 shares were registered in the name of High Union Holdings Inc., the shares of which were held by Safeguard Trustee Limited, a trustee of a family trust of which Mr. Wong Kai Chi, Kenneth (“**Mr. Kenneth Wong**”) was eligible beneficiary whereas 8,308,504 shares were deemed to be interested by Mr. Kenneth Wong who was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply.
- 52,318,319 shares were registered in the name of High Union Holdings Inc., the shares of which were held by Safeguard Trustee Limited, a trustee of a family trust of which Mr. Kevin Wong was eligible beneficiary whereas 4,000,000 shares were held by TGV, 41.36% equity interest of which was held by Mr. Kevin Wong, and 4,308,504 shares were deemed to be interested by Mr. Kevin Wong who was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply.
- 4,618,504 shares were beneficially owned by Mr. Fung Wai Yiu (“**Mr. Fung**”) whereas 4,087,200 shares were held by the spouse of Mr. Fung.
- 55,184,708 shares were held by VDV. Mr. Herman Van de Velde held an indirect equity interest in Van de Velde Holding N.V. which in turn directly held 56.26% of the equity interest of VDV.

Save as disclosed above, as at the Latest Practicable Date, and other than certain nominee shares in the Company’s subsidiaries were held by Mr. Wong in trust for the Company’s subsidiaries, none of the Directors or chief executives 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 each of them is 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 of the Company

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 of the Company, persons (other than Directors) 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 follows:

Long positions:

Ordinary shares of HK\$0.50 each of the Company

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
High Union Holdings Inc.	Beneficial owner and persons acting in concert (<i>note 1</i>)	60,626,823	28.19%
TGV	Beneficial owner and persons acting in concert (<i>note 2</i>)	60,626,823	28.19%
VDV	Beneficial owner	55,184,708	25.66%
David Michael Webb	Beneficial owner and interests held by a controlled corporation (<i>note 3</i>)	10,772,000	5%

Notes:

- 52,318,319 shares were beneficially owned by High Union Holdings Inc. whereas 8,308,504 shares were deemed to be interested by High Union Holdings Inc. which was a party to certain agreements to which section 317(1)(a) and/or (b) of the SFO (Cap. 571) apply.
- 4,000,000 shares were beneficially owned by TGV whereas 56,626,823 shares were deemed to be interested by TGV which was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply.
- 3,562,200 shares were beneficially owned by Mr. David Michael Webb and 7,209,800 shares were held by Preferable Situation Assets Limited, the shares of which were held by Mr. David Michael Webb.

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, there was no other person (other than the Directors) 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 A.M. Laureys is the non-executive director of VDV whose principal business activity is the manufacture and marketing of luxury lingerie. The Board considers that the business of VDV may indirectly compete with the business of the Group.

Mr. Herman Van de Velde, the chairman of the board of VDV and non-executive director of VDV, has an indirect interest in Van de Velde Holding N. V. which held a direct interest of 56.26% in VDV whose principal business activity is the manufacture and marketing of luxury lingerie. The Board considers the business of VDV may indirectly compete with the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract 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

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 30 June 2016, being the date to which the latest published audited consolidated financial statements 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 is contained in this circular:

Name	Qualification
Investec	a corporation licensed 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

Investec 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

Investec 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 2016 (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 Ms. Chan Man Ying, who is a fellow member of the Association of Chartered Certified Accountants and 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 of the Company in Hong Kong is Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The principal office of the Company in Hong Kong is at Unit 1501, 15/F., Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, 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 2016 (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 Unit 1501, 15/F., Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours for a period of up to 14 days and including the fourteenth date, after the date of this circular:

- (a) the Master Agreement;
- (b) the 1st Renewal Agreement;
- (c) the 2nd Renewal Agreement;
- (d) the 3rd Renewal Agreement;
- (e) the 4th Renewal Agreement;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 11 and 12 of this circular;
- (g) the letter from Investec, the text of which is set out on pages 13 to 25 of this circular;
- (h) the written consent from Investec referred to in the section headed “6. Qualification of expert and consent” in this appendix; and
- (i) this circular.

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 of Top Form International Limited (the “**Company**”) will be held at Unit 1501, 15/F., Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 25 May 2017 at 1:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution:

“THAT:

- (a) the 4th Renewal Agreement, as defined and described in the circular of the Company dated 4 May 2017 (the “**Circular**”), a copy of this agreement is tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and the terms of the transactions contemplated under the 4th Renewal Agreement and the implementation thereof be and are hereby accepted and approved;
- (b) the proposed annual caps in relation to the sales to Van de Velde N.V. as described in the 4th Renewal Agreement and the Circular for each of the three financial years ending 30 June 2020 be and are hereby approved.”

On behalf of the Board
Top Form International Limited
Wong Chung Chong
Chairman

Hong Kong, 4 May 2017

Notes:

1. In order to determine the qualification of Shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 22 May 2017, to Thursday, 25 May 2017 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 25 May 2017 will be entitled to attend and vote at the SGM. In order to attend the SGM, any Shareholder whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificates with Tricor Secretaries Limited, the Company’s Hong Kong branch share registrar, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 19 May 2017.

* *for identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him in accordance with the Company's Bye-laws. A proxy need not be a member of the Company but must be present in person to represent the member.
3. 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 of attorney or authority must be lodged with Tricor Secretaries Limited, the Company's Hong Kong branch share registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should they so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The Directors as at the date of this notice are Mr. Wong Chung Chong, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin as executive Directors, Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive Directors, 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.