

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, 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 with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Dealings in the Shares of the Company and the Rights Shares in their nil-paid form and fully-paid form may be settled through CCASS and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

Shareholders of the Shares with registered addresses in any jurisdiction outside Hong Kong or holding the Shares on behalf of persons with such addresses and beneficial owners of the Shares who are residents outside Hong Kong are referred to the important information set out in the sections headed "Notices" and "Non-Qualifying Shareholders".

This circular does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid rights or Rights Shares or to take up any entitlements to the nil-paid rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

The securities described herein have not been registered under the U.S. Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Distribution of this circular into jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents custodians, nominees and trustees) into whose possession this circular comes should inform themselves of and observe any such restrictions. This circular is not for release, publication or distribution, directly or indirectly, in or into the United States.



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES
FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
(3) APPLICATION FOR WHITEWASH WAIVER;
(4) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(5) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



**Independent Financial Adviser to the Listing Rules IBC,
the Takeovers Code IBC and the Independent Shareholders**



Capitalised terms used in this cover page have the same meanings as defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 13 to 39 of this circular. A letter from the Listing Rules IBC is set out on pages 40 to 41 of this circular. A letter from the Takeovers Code IBC is set out on pages 42 to 43 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders, is set out on pages 44 to 67 of this circular.

A notice convening the SGM to be held at 7/F, Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hong Kong at 10:00 a.m. on Tuesday, 12 January 2021 is set out on pages SGM-1 to SGM-6 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Secretaries Limited, at Level 54, 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 the holding of the SGM. Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish in such event, the instrument appointing a proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" on page 12 of this circular. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

Please see the section headed "PRECAUTIONARY MEASURES FOR THE SGM" in this circular for measures being taken to try to prevent and control the spread of the COVID-19 at the SGM.

* for identification purpose only

9 December 2020

PRECAUTIONARY MEASURES FOR THE SGM

The Board has made reference to the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” jointly issued by the Stock Exchange and the SFC on 1 April 2020 in relation to the arrangement of the SGM.

Voting by proxy in advance of the SGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.

Preventive measures at the SGM

In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”), the Company will implement the following preventive measures at the SGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- the Shareholders attending in person at the venue of the SGM in excess of the 20 persons limit under provision 11(b) of Schedule 1 of the Regulation will be accommodated in separate rooms or partitioned areas in the same room at the venue of the SGM, with not more than 20 persons (or such other number of persons allowed under the Regulation) (including supporting staff for the SGM) in each such room or partitioned area;
- all attendees will subject to compulsory body temperature checks before entering the SGM venue;
- all attendees will be required to wear surgical face masks throughout the SGM;
- maintaining proper distance between seats;
- any person who does not comply with the above measures may be denied entry to the meeting venue; and
- no beverage or refreshments will be served and no corporate gifts will be distributed at the SGM.

In the interest of all stakeholders’ health and safety and consistent with recent guidelines for prevention and control of COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

The Company will closely monitor the development of the COVID-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to COVID-19 pandemic. The Company will ensure that the SGM will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the SGM. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

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DEFINITIONS

Unless the context otherwise requires, terms used in this circular shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“affiliated companies”	in the context of the Underwriting Agreement and in respect of High Union and Triple Gains, a body corporate which shares the same ultimate beneficial owner with each of them
“Announcement”	the announcement of the Company dated 4 November 2020 in relation to, among other things, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	chairman of the Board
“Committed Shares”	an aggregate of 24,465,130 Rights Shares to be offered to and subscribed by the Wong Family Group under the respective entitlements of each of its members as set out in the PAL pursuant to the Rights Issue and the Irrevocable Undertakings in respect of an aggregate of 61,162,823 Shares registered in their names as at the Latest Practicable Date
“Company”	Top Form International Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“High Union”	High Union Holdings Inc., a company incorporated in the British Virgin Islands with limited liability which held 52,318,319 Shares, representing approximately 24.33% of the total issued Shares as at the Latest Practicable Date, and is ultimately beneficially wholly-owned by Mr. Wong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$150 million divided into 300,000,000 Shares to HK\$300 million divided into 600,000,000 Shares
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Independent Shareholders”	the Shareholders who are eligible to vote and not required to abstain from voting at the SGM under the Listing Rules or the Takeovers Code, as the case may be
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/ are not a connected person(s) of the Company within the meaning of the Listing Rules
“Irrevocable Undertaking(s)”	the irrevocable undertaking(s) dated 4 November 2020 provided by the Wong Family Group to the Company (as supplemented by an extension letter dated 4 December 2020), details of which are set out in the section headed “THE IRREVOCABLE UNDERTAKINGS”

DEFINITIONS

“Last Day for Transfer”	Friday, 15 January 2021, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company to qualify for the Rights Issue
“Last Trading Day”	Wednesday, 4 November 2020, being the last full trading day for the Shares before the release of the Announcement
“Latest Placing Date”	Tuesday, 16 February 2021 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	5:00 p.m. on the Latest Placing Date
“Latest Practicable Date”	7 December 2020, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Latest Time for Acceptance”	4:00 p.m. on 8 February 2021 as agreed between the Company and the Underwriters, being the latest time for acceptance of and payment for Rights Shares
“Latest Time for Termination”	4:00 p.m. on the second Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriters, or such other date as the Company may determine
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules IBC”	an independent board committee of the Company, comprising all independent non-executive Directors (namely, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert, and Mr. Lin Sun Mo, Willy), established under the Listing Rules to advise the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder, and as to the voting action thereunder
“Mr. Keith Wong”	Mr. Wong Kai Chun, Keith, the son of Mr. Wong and the younger brother of Mr. Kevin Wong and Mr. Kenneth Wong
“Mr. Kenneth Wong”	Mr. Wong Kai Chi, Kenneth, an executive Director and interested in approximately 28.29% of the equity interest of the Company as at the Latest Practicable Date and the son of Mr. Wong and the elder brother of Mr. Kevin Wong and Mr. Keith Wong

DEFINITIONS

“Mr. Kevin Wong”	Mr. Wong Kai Chung, Kevin, an executive Director and the chief executive officer of the Company, interested in approximately 28.29% of the equity interest of the Company as at the Latest Practicable Date and the son of Mr. Wong, the younger brother of Mr. Kenneth Wong and the elder brother of Mr. Keith Wong
“Mr. Wong”	Mr. Wong Chung Chong, the Chairman and an executive Director
“Mrs. Wong”	also known as Ms. Chan He Lin, the spouse of Mr. Wong, the mother of Mr. Kevin Wong, Mr. Kenneth Wong and Mr. Keith Wong
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue

DEFINITIONS

“Placee”	any individual, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be a party acting in concert with the Wong Family Group and parties acting in concert with any of its members, and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Elstone Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 4 November 2020 (as supplemented by an extension letter dated 4 December 2020) and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance, which is expected to be on Thursday, 11 February 2021, and ending at the Latest Placing Time
“Posting Date”	Monday, 25 January 2021, or such other date as the Underwriters may agree in writing with the Company for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 22 January 2021, the record date to determine entitlements to the Rights Issue
“Registrar”	Tricor Secretaries Limited, the Company’s branch share registrar in Hong Kong, situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date
“Rights Issue”	the issue of 86,015,050 Rights Shares at the Subscription Price on the basis of two Rights Shares for every five existing Shares held as at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of two Rights Shares for every five existing Shares in issue on the Record Date, being 86,015,050 Shares based on the Company’s issued share capital
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider, among others, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.50 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Takeovers Code IBC”	an independent board committee of the Company, comprising all non-executive Directors and independent non-executive Directors (including Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy), established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and as to the voting action thereafter
“Triple Gains”	Triple Gains Ventures Limited, a company incorporated in the British Virgin Islands with limited liability which holds 4,000,000 Shares, representing approximately 1.86% of the total issued Shares as at the Latest Practicable Date, and is held as to 41.36% by Mr. Kevin Wong, 29.84% by Mr. Kenneth Wong and 28.80% by Mr. Keith Wong
“Underwriters”	High Union and Triple Gains
“Underwriting Agreement”	the underwriting agreement dated 4 November 2020 (as supplemented with an extension letter dated 4 December 2020) and entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	61,549,920 Rights Shares (other than the Committed Shares) to be underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares (other than the Committed Shares) that are not subscribed by the Qualifying Shareholders
“VDV”	Van de Velde N.V., a company incorporated in Belgium with limited liability which holds 55,184,708 Shares, representing approximately 25.66% of the total issued Shares as at the Latest Practicable Date; the issued shares of which are listed on the NYSE Euronext Brussels stock exchange, which is approximately 56.26% owned by Van de Velde Holding N.V.
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Underwriters to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Wong Family Group and parties acting in concert with any of its members which would otherwise arise as a result of the taking up of the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and the unsold fraction of the Rights Shares pursuant to the Underwriting Agreement

DEFINITIONS

“Wong Family Group” Mr. Wong, Mrs. Wong, Mr. Kevin Wong, Mr. Kenneth Wong,
High Union and Triple Gains

“%” per cent

In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is indicative only and may be subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Events	Time and date
	2020
Expected date of despatch of circular with notice and form of proxy for the SGM	Wednesday, 9 December
	2021
Latest time for lodging transfer of Shares to qualify for attending and voting at the SGM	4:30 p.m. on Wednesday, 6 January
Closure of register of members of the Company for determining entitlement for attending the SGM (both days inclusive)	Thursday, 7 January to Tuesday, 12 January
Latest time for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM)	10:00 a.m. on Sunday, 10 January
Record date for determining attendance and voting at the SGM	Tuesday, 12 January
Expected date and time of the SGM	10:00 a.m. on Tuesday, 12 January
Announcement of poll results of the SGM	Tuesday, 12 January
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 13 January
First day of dealings in the Shares on an ex-rights basis	Thursday, 14 January
Latest time for the Shareholders to lodge transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Friday, 15 January
Closure of register of members of the Company in Hong Kong and Bermuda for the Rights Issue (both days inclusive)	Monday, 18 January to Friday, 22 January

EXPECTED TIMETABLE

Record Date for determining entitlements to the Rights Issue	Friday, 22 January
Despatch of Prospectus Documents (including PAL)	Monday, 25 January
First day of dealings in nil-paid Rights Shares	Wednesday, 27 January
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 29 January
Last day of dealings in nil-paid Rights Shares	Wednesday, 3 February
Latest time to lodge transfer of nil-paid Rights Shares to qualify for Compensatory Arrangements	4:00 p.m. on Monday, 8 February
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Monday, 8 February
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	Wednesday, 10 February
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares	Wednesday, 10 February
Commencement of placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 11 February
Latest time of placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	5:00 p.m. on Tuesday, 16 February
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares)	Thursday, 18 February
Despatch of refund cheques (if the Rights Issue is terminated), and despatch of share certificates for the fully paid Rights Shares on or before	Friday, 19 February

EXPECTED TIMETABLE

**Commencement of dealings of fully paid Rights Shares 9:00 a.m. on
Monday, 22 February**

Designated broker starts to stand in the market to
provide matching services for the odd lots Shares 9:00 a.m. on Monday, 22 February

Payment of Net Gain to relevant
No Action Shareholders (if any) Wednesday, 3 March

Designated broker ceases to stand in the market to
provide matching services for the odd lots Shares 4:00 p.m. on
Monday, 15 March

All time and date references contained in this circular shall refer to Hong Kong local time and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Monday, 8 February 2021. Instead the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on Monday, 8 February 2021. Instead the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. Monday, 8 February 2021, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. The Company will notify the Shareholders by way of announcements of any change to the expected timetable as soon as practicable in this regard.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, or come into effect:

- a. the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or
- b. the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
- c. any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- d. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- e. there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
- f. any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs,

which event or events is or are in the reasonable opinion of the Underwriters:

- i. likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole; or
- ii. likely to have a material adverse effect on the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- iii. make it inadvisable to proceed further with the Rights Issue,

then the Underwriters shall be entitled, by notice in writing to the Company terminate the Underwriting Agreement prior to the Latest Time for Termination.

If the Underwriters exercise such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriters. Upon termination of the Underwriting Agreement, the obligations of the Underwriters and the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

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:

Mr. Wong Chung Chong (*Chairman*)
Mr. Wong Kai Chung, Kevin (*Chief Executive Officer*)
Mr. Wong Kai Chi, Kenneth (*Managing Director*)

Non-executive Directors:

Mr. Fung Wai Yiu
Mr. Lucas A.M. Laureys
Mr. Herman Van de Velde

Independent non-executive Directors:

Ms. Leung Churk Yin, Jeanny
Mr. Leung Ying Wah, Lambert
Mr. Lin Sun Mo, Willy

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

7/F, Port 33,
33 Tseuk Luk Street,
San Po Kong,
Kowloon,
Hong Kong

9 December 2020

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES
FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO
THE UNDERWRITING AGREEMENT;
(3) APPLICATION FOR WHITEWASH WAIVER;
(4) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(5) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the Rights Issue, the Underwriting Agreement and the application for Whitewash Waiver.

* for identification purpose only

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The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and the Increase in Authorised Share Capital; (ii) a letter of recommendation from the Listing Rules IBC in respect of the Underwriting Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Takeovers Code IBC in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) a notice of the SGM.

PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the SGM, the Board proposed to raise approximately HK\$43.0 million before expenses by way of the Rights Issue on the basis of two (2) Rights Shares for every five (5) Shares held on the Record Date by issuing 86,015,050 Rights Shares at the Subscription Price of HK\$0.50 per Rights Share on the basis of two Rights Shares for every five existing Shares in issue on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$40.5 million.

The Company proposed the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue	:	Two Rights Shares for every five existing Shares held on the Record Date
Subscription Price	:	HK\$0.50 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	:	215,037,625 Shares
Number of Rights Shares	:	86,015,050 Rights Shares
Amount to be raised before expenses	:	approximately HK\$43.0 million before expenses (based on the number of existing Shares in issue as at the Latest Practicable Date, and assuming no Shares have been allotted and issued on or before the Record Date)
Total number of Shares in issue as enlarged by the Rights Shares upon completion of the Rights Issue	:	301,052,675 Shares

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Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 40% of the Company's total number of issued Shares as at the Latest Practicable Date and will represent approximately 28.57% of the Company's total number of issued Shares as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

As at the Latest Practicable Date, there were 5,920,000 outstanding share options under the share option scheme of the Company carrying rights for the holders thereof to subscribe for an aggregate of 5,920,000 new Shares. No such share option will become exercisable before the Record Date. Pursuant to the terms of the share option scheme, the exercise prices of the share options and the number of shares subject to options may be adjusted upon completion of the rights issues. The Company in accordance with share option scheme will notify the holders of the share options the required adjustments (as certified by its auditors or an independent financial adviser) as soon as practicable on the basis that the grantees will be entitled to the same portion of equity capital in the Company.

Save for the above, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares as at the Latest Practicable Date.

Subscription Price

The Subscription Price is HK\$0.50 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to the Qualifying Shareholder's shareholding in the Company held on the Record Date.

The Subscription Price:

- (i) represents a discount of approximately 35.90% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) represents a discount of approximately 21.88% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) represents a discount of approximately 21.88% to the average of the closing price of approximately HK\$0.64 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) represents a discount of approximately 23.08% to the average of the closing price of approximately HK\$0.65 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

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- (v) represents a discount of approximately 16.67% to the theoretical ex-rights price of HK\$0.60 per Share based on the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) represents a discount of approximately 74.75% to the consolidated net asset value per Share of approximately HK\$1.98 based on the equity attributable to owners of the Company of approximately HK\$425.7 million as at 30 June 2020 as extracted from the annual report of the Company for the year ended 30 June 2020 and the issued share capital of the Company of 215,037,625 Shares as at the Latest Practicable Date;
- (vii) represents a discount of approximately 79.92% to the adjusted consolidated net asset value per Share of approximately HK\$2.49 based on the equity attributable to owners of the Company of approximately HK\$425.7 million as at 30 June 2020 as extracted from the annual report of the Company for the year ended 30 June 2020 and adjusted upward by the valuation of the property interest held by the Company attributable to owners of the Company of approximately HK\$110.2 million (a comparison between the Group's property interests with a book value of approximately HK\$179.3 million as at 30 June 2020 and the valuation of property interest as at the valuation date of HK\$289.5 million) and the issued share capital of the Company of 215,037,625 Shares as at the Latest Practicable Date; and
- (viii) represents a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 6.25% of the theoretical diluted price of HK\$0.60 per Share to the benchmarked price of HK\$0.64 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.64 and the average of the closing prices of approximately HK\$0.64 per Share quoted on the Stock Exchange for the last five consecutive days up to and including the Last Trading Day). The Rights Issue will not result in a theoretical dilution effect of 25% or more calculated based on Rule 7.27B of the Listing Rules.

The Subscription Price and the subscription ratio of the Rights Issue were determined by the Company with reference to, among other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions including but not limited to, the percentage discount(s) in other recent market comparable rights issues, the market price of the Shares prior to and including the Last Trading Day and the amount of funds the Company intends to raise under the Rights Issue; and (iii) the funding and capital needs of the Group for its business plans and prospects set out in the section headed "REASONS FOR THE RIGHTS ISSUE" in this circular below.

When determining the Subscription Price, the Directors have considered that the Shares have been traded on the Stock Exchange in the price range between HK\$0.62 and HK\$0.82 with an average closing price of approximately HK\$0.70 per Share in the past 6 months prior to the Last Trading Day (the "Review Period"), which the Directors considered that the Review Period is an appropriate benchmark to reflect the prevailing market conditions and recent market sentiment. During the Review Period, the Subscription Price of HK\$0.50 represents (i) a discount of approximately 19.35% to the lowest closing price of HK\$0.62 per Share; (ii) a discount of approximately 39.02% to the highest closing price of HK\$0.85 per Share; and (iii) a discount of approximately 28.57% to the average closing price of the Shares of approximately HK\$0.70 per Share. Given the trading prices of the Shares during the Review Period have been affected by the recent downturn of the stock prices of the stock market in Hong Kong

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and the deteriorating market sentiment arisen from the impact of the COVID-19 pandemic, the Directors considered the level of Subscription Price demonstrated a reasonable discount to the Shareholders who wish to participate in the proposed Rights Issue.

At the same time, the Directors were also aware of the fact that the Subscription Price represents a discount of approximately 74.75% to the consolidated net asset value (“NAV”) per Share of approximately HK\$1.98 based on the equity attributable to owners of the Company of approximately HK\$425,747,575 as at 30 June 2020 as extracted from the annual report of the Company for the year ended 30 June 2020. However, considering the level of closing price of the Shares during the Review Period as abovementioned, the Directors were of the view that the Shares had been consistently traded at a substantial discount to the NAV per Share since the publication of the latest unaudited financial statements of the Group. Therefore, when determining the Subscription Price, the Directors considered that it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the NAV per Share. If the Subscription Price was made with reference to the NAV per Share, the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be favourable to the long term development of the Company and the Shareholders as a whole.

Furthermore, after taking into consideration the reasons for the Rights Issue as stated in the section headed “REASONS FOR THE RIGHTS ISSUE” below, the Board (including the respective members of the Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.470.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company at the close of business on the Record Date and not being a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong

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for registration no later than 4:30 p.m. on Friday, 15 January 2021. It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 13 January 2021 and the Shares will be dealt with on an ex-rights basis from Thursday, 14 January 2021.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements, if any). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Closure of register of members

The register of members of the Company will be closed from Thursday, 7 January 2021 to Tuesday, 12 January 2021 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Monday, 18 January 2021 to Friday, 22 January 2021 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotments

The basis of the provisional allotment shall be two Rights Shares (in nil-paid form) for every five Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Time for Acceptance.

Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Subject to compliance with the applicable overseas laws and regulations, the Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. In particular, VDV, a substantial Shareholder with a registered address in Belgium holding 55,184,708 Shares, representing approximately 25.66% of the total number of the existing issued Shares as at the Latest Practicable Date, is an Overseas Shareholder. Based on the

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preliminary legal advice received by the Directors as of the Latest Practicable Date (which can be subject to (if any) changes in the applicable overseas laws and regulations until the completion of the Rights Issue), VDV will not be excluded from the Rights Issue and will be a Qualifying Shareholder.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold in the market in their nil-paid form as soon as practicable after dealing in nil-paid Rights Shares commence and before dealing in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

For the avoidance of doubt, the Non-Qualifying Shareholders may vote at the SGM unless such person is not an Independent Shareholder (in which case they shall abstain).

Any NQS Unsold Rights Shares will first be placed by the Placing Agent under the Placing Agreement together with the Unsubscribed Rights Shares, and if unsuccessfully sold, will be taken up by the Underwriters.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (but rounded down to the nearest cent) to the relevant No Action Shareholders according to their shareholdings held on the Record Date in Hong Kong dollars on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK\$100 for its own benefit.

For the nil-paid Rights Shares that are sold in the market by the Company, if the buyer(s) of such nil-paid Rights Shares does not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares. The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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Status of Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Friday, 19 February 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques are expected to be despatched on or before Friday, 19 February 2021 by ordinary post at the respective Shareholders' own risk.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed of by the Company in the open market if a premium (net of expenses) can be obtained. The Company will keep the net proceeds for its own benefits. The unsold fractions of the Rights Shares will be underwritten by the Underwriters.

Odd lots arrangement

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, a designated broker is appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Monday, 22 February 2021 to Monday, 15 March 2021 (both dates inclusive). Holders of the Shares in odd lots who wish to take advantage of this facility either to acquire odd lots of the Shares to make up a full board lot or dispose their odd lots of the Shares may, directly or through their brokers, contact Mr. Edward Yeung of Elstone Securities Limited at Suite 1601-04, 16/F, West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong (telephone number (852) 3725 4399) during such period.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Stamp duty and other fees and charges payable

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

The Underwriters are members of the Wong Family Group, which collectively are beneficially interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the existing issued Shares as at the Latest Practicable Date. Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriters are connected persons of the Company, the Company must make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m. on Tuesday, 16 February 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to those Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

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Conditions of the Rights Issue

The Rights Issue will be conditional upon, among others, (i) granting of the Whitewash Waiver by the Executive (and any such grant not having been withdrawn or revoked) and the satisfaction of any condition attached to the Whitewash Waiver; (ii) obtaining the Independent Shareholders' approval for the Underwriting Agreement and the Whitewash Waiver; and (iii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to "THE UNDERWRITING AGREEMENT – Conditions of the Underwriting Agreement" in this circular.

THE PLACING AGREEMENT

Details of the Placing Agreement are summarized below:

Date	:	4 November 2020 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Elstone Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that:

- (a) it is an Independent Third Party;
- (b) as at the Latest Practicable Date, neither the Placing Agent nor any of its associates hold any Shares;
- (c) there is no arrangement, agreement, understanding or undertaking with the Underwriters in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, save for the proposed terms of the Underwriting Agreement by which the Underwriters will take up all Unsubscribed Rights Shares and the NQS Unsold Rights Shares; and
- (d) it is not a party acting in concert with the Wong Family Group and parties acting in concert with any of its members within the meanings of the Takeovers Code.

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- Placing fee and expenses : The higher of HK\$100,000 or 1% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and reimbursement for the expenses in relation to the Placing (including but not limited to all the costs and out-of-pocket expenses actually, reasonably and properly incurred by the Placing Agent in connection with the Placing), which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the completion of the Placing.
- Placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) : The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares.
The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall not be less than the Subscription Price.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placees who and whose ultimate beneficial owner(s) are Independent Third Parties, and not a party acting in concert with the Wong Family Group and parties acting in concert with any of its members within the meanings of the Takeovers Code.
For the avoidance of doubt, no Placee shall become a substantial Shareholder of the Company.
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Conditions precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional and not terminated in accordance with the Underwriting Agreement.
- Placing completion date : The second Business Day after the Latest Placing Date or such other date as the Company and the Placing Agent may agree in writing.

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Termination : The Placing Agent may terminate the Placing Agreement without any liability to the Company, by giving notice in writing to the Company at any time prior to 10:00 a.m. on the completion date of the Placing upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there develops, occurs or comes into force:
 - i. any material adverse event, development or change and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong; or
 - ii. the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange; or
 - iii. any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong; or
 - iv. a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
 - v. any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days (except pursuant to the transactions contemplated under this circular); or

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- (b) any breach of any of the representations and warranties comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing set out above which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any places as contemplated in the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. Having discussed with other potential placing agent candidates, the Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, the Directors (including the respective members of the Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Shareholders.

THE IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with any of its members is collectively interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the total number of the existing issued Shares, of which (i) High Union is the registered owner of 52,318,319 Shares, representing approximately 24.33% of the existing issued Shares; (ii) Triple Gains is the registered owner of 4,000,000 Shares, representing approximately 1.86% of the existing issued Shares; (iii) Mr. Wong and Mrs. Wong together are the registered owners of 4,844,504 Shares, representing approximately 2.25% of the existing issued Shares. Pursuant to the Irrevocable Undertakings, each member of the Wong Family Group has irrevocably and unconditionally undertaken to the Company that, among other things, it shall, subject to the granting of the Whitewash Waiver by the Executive, accept, or procure the relevant registered owners to accept, in full the Committed Shares and

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shall procure that PALs in respect of the Committed Shares shall be lodged with the Registrar with payment in full therefor in cash on or before the Latest Time for Acceptance of its entitlements under the Rights Issue in accordance with the instructions printed on the relevant PALs.

THE UNDERWRITING AGREEMENT

Principal terms of the Underwriting Agreement are as follow:

Date	:	4 November 2020 (after trading hours)
Issuer	:	The Company
Underwriters	:	High Union and Triple Gains
Total number of Underwritten Shares	:	61,549,920 Rights Shares, being the difference between the total number of Rights Shares and the Committed Shares pursuant to the Irrevocable Undertakings
Commission	:	The Underwriters will not receive any underwriting commission in respect of the maximum number of Underwritten Shares for which the Underwriters have agreed to subscribe or procure subscription.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, the Underwriters have agreed, severally but not jointly, to take up, or procure their affiliated companies to take up all Underwritten Shares that are not taken up by the Qualifying Shareholders and not placed by the Placing Agent under the Compensatory Arrangements, unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares and unsold fractions of the Rights Shares.

As at the Latest Practicable Date, Mr. Wong, Mr. Kevin Wong and Mr. Kenneth Wong, being members of the Wong Family Group have abstained from voting on the Board resolutions approving, among others, the Rights Issue and the Underwriting Agreement.

In accordance with Rule 7.19(1)(b), the Underwriters are ultimately beneficially wholly-owned by members of the Wong Family Group, being the substantial Shareholders to the Group. Among the Underwriters, (i) Triple Gains will first be required to underwrite such number of Rights Shares to be subscribed, at the Subscription Price, with an aggregate fund of HK\$20 million, which equals to a maximum of 40,000,000 Rights Shares based on a Subscription Price of HK\$0.50 per Rights Share, and (ii) High Union will then be required to underwrite the remaining balance, if any, of the Underwritten Shares, which equals to a maximum of 21,549,920 Rights Shares based on the Subscription Price of HK\$0.50 per Rights Share.

The Company approached four independent securities brokers to act as the underwriter to fully underwrite the Rights Issue, but none of them was willing to act as the underwriter to fully underwrite the Rights Issue given the prevailing market conditions. It is not in the ordinary course of business of the Underwriters to underwrite issues of shares. The Underwriters' role as an underwriter in respect of the

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Rights Issue and the Irrevocable Undertakings given by themselves signify strong support from a group of substantial Shareholders to the Group and their confidence in the prospects and development of the Group.

The Board (including the respective members of the Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) considers that the Underwriting Agreement was determined after arm's length negotiation between the Company and the Underwriters by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions in view of global economic uncertainty arising from the impact of the COVID-19 pandemic.

Conditions of the Underwriting Agreement

The obligations of the Underwriters to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement are conditional on the fulfilment (or waiver of conditions (j) and (k) below by the Underwriters and subject as mentioned below) of the following conditions:

- a. the despatch of the circular to the Shareholders and the passing of the ordinary resolution approving the Increase in Authorised Share Capital of the Company from HK\$150 million to HK\$300 million at the SGM by no later than the Posting Date;
- b. the approval by the Independent Shareholders of the Rights Issue and the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement) (more than 50% of the Independent Shareholders at the SGM by way of poll), and the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll), in accordance with the Listing Rules and the Takeovers Code by no later than the Posting Date;
- c. the grant by the Executive of the Whitewash Waiver (and such grant not having been withdrawn or revoked) and the satisfaction of any condition as may be attached to the Whitewash Waiver granted;
- d. the grant (or agreement to grant) by the Listing Committee of the Stock Exchange (and such grant not having withdrawn or revoked) of the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively);
- e. the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or prior to the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- f. registration of the Prospectus Documents (and other documents required to be attached thereto) with the Registrar of Companies in Hong Kong on or before the Posting Date;
- g. the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date;

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- h. the Shares remain listed on the Stock Exchange and no indication being received before the Latest Time for Termination from the Stock Exchange that such listing may be withdrawn or objected to (or conditions will or may be attached thereto);
- i. if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares pursuant to the Rights Issue;
- j. the compliance with and performance of all the Company's obligations and undertakings under the Underwriting Agreement and by the time specified;
- k. no material breach of any of the warranties of the Company contained in the Underwriting Agreement by the Latest Time for Termination;
- l. subject to the grant of the Whitewash Waiver, each member of the Wong Family Group complying with its obligations under the Irrevocable Undertakings;
- m. the Placing Agreement not being terminated on or before the Latest Time for Termination; and
- n. the Underwriting Agreement not being terminated by the Underwriters pursuant to its terms on or before the Latest Time for Termination.

If the conditions precedent are not satisfied and/or waived (to the extent such condition(s) precedent are capable of being waived) in whole or in part by the Latest Time for Acceptance or such later date or dates as the Underwriters may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of any provisions, clauses and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, or come into effect:

- a. the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or
- b. the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
- c. any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- d. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

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- e. there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
- f. any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs,

which event or events is or are in the reasonable opinion of the Underwriters:

- i. likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole; or
- ii. likely to have a material adverse effect on the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- iii. make it inadvisable to proceed further with the Rights Issue,

then the Underwriters shall be entitled, by notice in writing to the Company terminate the Underwriting Agreement prior to the Latest Time for Termination.

If the Underwriters exercise such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriters. Upon termination of the Underwriting Agreement, the obligations of the Underwriters and the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

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EFFECT OF RIGHTS ISSUE ON SHAREHOLDING OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Rights Issue are set out as below:

As at the Latest Practicable Date	Shareholding upon completion of the Rights Issue					
	Assuming all Rights Shares are taken up by the Qualifying Shareholders		Assuming no Rights Shares are taken up by the Qualifying Shareholders and hence all Rights Shares are taken up by the Underwriters			
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Wong Family Group and parties acting in concert with any of its members						
High Union (<i>Note 1, Note 2</i>)	52,318,319	24.33	73,245,647	24.33	94,795,567	31.49
Triple Gains (<i>Note 1, Note 2</i>)	4,000,000	1.86	5,600,000	1.86	45,600,000	15.15
Mr. Wong and Mrs. Wong (<i>Note 1</i>)	<u>4,844,504</u>	<u>2.25</u>	<u>6,782,306</u>	<u>2.25</u>	<u>6,782,306</u>	<u>2.25</u>
Subtotal of the Wong Family Group and parties acting in concert with any of its members						
	61,162,823	28.44	85,627,953	28.44	147,177,873	48.89
Mr. Herman Van de Velde (<i>Note 3, Note 8</i>)						
	55,184,708	25.66	77,258,592	25.66	55,184,708	18.33
Mr. Fung Wai Yiu (<i>Note 4, Note 8</i>) and his spouse						
	8,705,704	4.05	12,187,986	4.05	8,705,704	2.89
Mr. Leung Ying Wah, Lambert (<i>Note 5, Note 8</i>)						
	80,000	0.04	112,000	0.04	80,000	0.04
Ms. Leung Churk Yin, Jeanny (<i>Note 6, Note 8</i>)						
	<u>14,104</u>	<u>0.01</u>	<u>19,746</u>	<u>0.01</u>	<u>14,104</u>	<u>0.01</u>
Subtotal of the Wong Family Group and parties acting in concert with any of its members and Directors and their spouses						
	125,147,339	58.20	175,206,277	58.20	211,162,389	70.14
Mr. David Michael Webb (<i>Note 7</i>)						
	12,914,000	6.01	18,079,600	6.01	12,914,000	4.29
Other public shareholders						
	<u>76,976,286</u>	<u>35.79</u>	<u>107,766,798</u>	<u>35.79</u>	<u>76,976,286</u>	<u>25.57</u>
Total	<u><u>215,037,625</u></u>	<u><u>100.00</u></u>	<u><u>301,052,675</u></u>	<u><u>100.00</u></u>	<u><u>301,052,675</u></u>	<u><u>100.00</u></u>

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Notes:

1. Mr. Wong is the chairman of the Board and an executive Director, who is deemed to be interested in 61,162,823 Shares by virtue of the SFO, of which (i) 4,624,504 Shares are beneficially owned by himself, (ii) 220,000 shares were held by Mrs. Wong, (iii) 52,318,319 Shares were held by High Union which in turn is wholly-owned by Mr. Wong; and (iv) 4,000,000 Shares were held by Triple Gains and 41.36% equity interest of which was held by Mr. Kevin Wong, the son of Mr. Wong and an executive Director, 29.84% equity interest of which was held by Mr. Kenneth Wong, the son of Mr. Wong and an executive Director and 28.80% of equity interest was held by Mr. Keith Wong, the son of Mr. Wong, all of whom are deemed to be parties acting in concert with Mr. Wong under the SFO.
2. The Underwriters, which are High Union and Triple Gains, are members of the Wong Family Group. Among the Underwriters, (i) Triple Gains will first be required to underwrite such number of Rights Shares to be subscribed, at the Subscription Price, with an aggregate fund of HK\$20 million, which equals to a maximum of 40,000,000 Rights Shares based on the Subscription Price of HK\$0.50 per Rights Share; and (ii) High Union will then be required to underwrite the remaining balance, if any, of the Underwritten Shares, which equals to a maximum of 21,549,920 Rights Shares based on the Subscription Price of HK\$0.50 per Rights Share. Under the Underwriting Agreement, each of High Union and Triple Gains are entitled to discharge their underwriting obligations by procuring the subscription for the Underwritten Shares by their respective affiliated company(ies).
3. Mr. Herman Van de Velde is a non-executive Director, who is deemed to be interested in 55,184,708 Shares, which were held by VDV, of which 56.26% of equity interest is held by Van de Velde Holding N.V. Mr. Herman Van de Velde has confirmed that he is not a party acting in concert with the Wong Family Group and parties acting in concert with any of its members within the meanings of the Takeovers Code.
4. Mr. Fung Wai Yiu is a non-executive Director and he has confirmed that he is not a party acting in concert with the Wong Family Group and parties acting in concert with any of its members within the meanings of the Takeovers Code.
5. Mr. Leung Ying Wah, Lambert is an independent non-executive Director.
6. Ms. Leung Churk Yin, Jeanny is an independent non-executive Director.
7. Mr. David Michael Webb is one of the substantial shareholders by virtue of the SFO, who is deemed to be interested in 12,914,000 Shares, of which (i) 5,244,200 Shares are beneficially owned by himself and (ii) 7,669,800 Shares are held by Preferable Situation Assets Limited which in turn is beneficially owned by himself.
8. None of Mr. Herman Van de Velde, Mr. Fung Wai Yiu, Mr. Leung Ying Wah, Lambert, Ms. Leung Churk Yin, Jeanny is involved in the Rights Issue and/or the Underwriting Agreement whatsoever, save for the Board approval process of these transactions in their presence. Specifically, none of them is the Underwriters, a committed shareholder under the Irrevocable Undertakings or a party acting in concert with the Wong Family Group and parties acting in concert with any of its members within the meanings of the Takeovers Code.

REASONS FOR THE RIGHTS ISSUE

The Group is engaged in the design, manufacture and distribution of ladies' intimate apparel, principally brassieres. As disclosed in the annual reports of the Company for the years ended 30 June 2018, 2019 and 2020 respectively, the Group recorded revenue of approximately HK\$1,281 million, HK\$1,225 million and HK\$1,236 million, respectively.

As disclosed in the previous announcements dated 20 August 2019, 31 October 2019 and the annual reports for the year ended 30 June 2019 and 30 June 2020, the Group has accelerated its strategy of diversifying manufacturing footprint by aggressively shifting of capacity out of the PRC and into South East Asia while also expanding the Group's product mix into seamless and fully fused products which has helped the Group mitigate the effect of the escalating Sino-US trade war while also capturing the growing consumer demand for comfortable and leisure apparel products. As such, the Group was able to achieve

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an approximately 6% year-over-year increase in revenue for the six months ended 31 December 2019 amidst the Sino-US trade war. For the year ended 30 June 2020, the Group has commenced operation in Myanmar and its new seamless product manufacturing facility in Thailand under a joint venture agreement, which the Company had owned as to 60% equity interest of the joint venture company through an indirect wholly – owned subsidiary, Top Form Brassiere Mfg. Co., Limited. Additionally, the Group has also made a strategic equity investment in an Indonesian company engaged in the manufacturing of ladies' underwear in Indonesia as the Company explores further expansion in South East Asia. For the year ended 30 June 2020, the Group's overseas manufacturing facilities in South East Asia accounted for approximately 78% of the global production output whilst the PRC accounted for the remaining approximately 22%, as compared to approximately 66% and 34% respectively for the year ended 30 June 2019.

However, no one could have predicted, even as uncertainties in the Sino-US trade war were still affecting business and supply chain, the world would confront a new crisis in the COVID-19 pandemic, which would send violent shockwaves across the global economy in the second half of financial year ended 30 June 2020. At the onset of the pandemic, the Company took immediate steps to manage the crisis by taking drastic cost rationalization measures and streamlining business operations while working hard to execute its key strategic initiatives, including the continued development of the Group's seamless product facility as well as supporting the ongoing production in its operations in South East Asia.

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

The Group is now encouraged to see a strong rebound in demand for its seamless and fully fused products while its diversified manufacturing capacity is being highly utilized over the recent past months. The Group has approached its existing commercial banks and other prospective banks since the beginning of 2019 for an increase in the existing short term trading facility and extension of a longer term borrowing facility. As the financial position of the Group is significantly impacted by the COVID-19 pandemic, the Group was unable to obtain commercially viable terms on long term financing.

In addition, according to the annual report of the Company for the year ended 30 June 2020, the Company recorded bank balances and cash of approximately HK\$122.9 million and bank loans of approximately HK\$97.4 million. Based on the management accounts of the Group and the indebtedness statement as of 31 October 2020, the bank balances amounted to approximately HK\$84.0 million and bank loans due within one year amounted to approximately HK\$100.2 million.

Given (i) the relatively low liquidity capital position of the Group due to the current level of bank loans and the uncertainty of securing the existing short term bank facilities; (ii) the decrease in bank balances and cash by approximately HK\$38.9 million or 31.7% from approximately HK\$122.9 million as at 30 June 2020 to HK\$84.0 million as at 31 October 2020; (iii) the additional working capital required to support the expansion of the seamless joint venture and further manufacturing expansion in South East Asia; and (iv) the weakened global economy and the uncertainties over the outlook pursuant to the Sino-

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US trade war and COVID-19 pandemic, the Board (including the respective members of Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after consulting the Independent Financial Adviser) considers that it is crucial for the Company to maintain a sufficient cash level for facing the upcoming potential challenges in the uncertain economic environment and supporting the long term expansion plans to prepare itself for future business opportunities and the Rights Issue would be a preferred means for the Company to raise long-term funds to finance long-term investments and new business potentials without subjecting itself to interest burden or additional debt and believes that the Rights Issue is the best option available and in the best interest of the Company and the Shareholders as a whole. With the additional capital from the Rights Issue, the Group can strengthen its financial position and accelerate the investment in key strategic initiatives including seamless product manufacturing and buildup of manufacturing capacity in lower cost countries in order to capture the business opportunities in the post pandemic era.

The Board (including the respective members of Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after consulting the Independent Financial Adviser) considers that the Rights Issue offers all Qualifying Shareholders the opportunity to participate and grasp the benefit of the future development of the Group. The Board (including the respective members of Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after consulting the Independent Financial Adviser) is of the view that the Rights Issue not only provides greater financial flexibility for the Company, but also offers all Qualifying Shareholders the opportunity to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market subject to the availability; or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market.

Furthermore, the capital base of the Company will be strengthened after completion of the Rights Issue and the improved financial position will provide sufficient internal resources and financing capacity for the Company to meet its future expansion and operation needs.

The Board (including the respective members of Listing Rules IBC and Takeovers Code IBC whose opinion is set forth in this circular after consulting the Independent Financial Adviser) believes that the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The estimated net proceeds of the Rights Issue after deducting the expenses will be approximately HK\$40.5 million (assuming no new Shares will be issued and no Shares will be repurchased on or after the Latest Practicable Date and on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to:

- (i) approximately HK\$18.6 million for purchase of additional santoni machines for the seamless manufacturing expansion in Thailand, which would be in the form of capital contribution into Goal Plus Investment Limited, a joint venture company which is owned as to 60% by Top Form Brassiere Mfg. Co., Limited, an indirect wholly-owned subsidiary of the Company. The relevant capital injection is expected to be utilized by the end of 2021;

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- (ii) approximately HK\$13.0 million for the increase of investment in an Indonesian company engaging in the manufacturing of ladies' underwear, which is expected to be utilized by the end of 2021;
- (iii) approximately HK\$6.4 million for the construction of the Myanmar factory facilities, which is expected to be utilized by the end of June 2021; and
- (iv) approximately HK\$2.5 million for the general working capital to support the daily operations of the Group.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of equity securities during the past 12 months immediately before the Latest Practicable Date.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the Company's authorised share capital is HK\$150 million divided into 300,000,000 Shares. In order to facilitate the Rights Issue and to provide the Company with greater flexibility for potential future fund raising activities (if any), the Company proposes that the authorised share capital of the Company be increased to HK\$300 million divided into 600,000,000 Shares. The Board is of the view that the Increase in Authorised Share Capital will provide flexibility for future fund raising and expansion in the share capital of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM. As none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in respect of the resolution(s) relating to the Increase in Authorised Share Capital at the SGM.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, High Union (which is wholly-owned by Mr. Wong, an executive Director and the chairman of the Company), is a substantial shareholder of the Company. Triple Gains is beneficially owned as to 41.36% by Mr. Kevin Wong, an executive Director and chief executive officer of the Company and the son of Mr. Wong, 29.84% by Mr. Kenneth Wong, an executive Director and the son of Mr. Wong, and the brother of Mr. Kevin Wong, and 28.80% by Mr. Keith Wong, the son of Mr. Wong and the younger brother of Mr. Kevin Wong and Mr. Kenneth Wong. Both High Union and Triple Gains are connected persons of the Company under the Listing Rules. Therefore, the Underwriting Agreement and the transactions contemplated thereunder constitute a connected transaction for the

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Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As required under the Listing Rules, each member of the Wong Family Group (including the Underwriters) shall abstain from voting in respect of the resolution(s) relating to the Underwriting Agreement at the SGM.

As the Rights Issue will not increase the number of issued Shares by more than 50%, the Rights Issue is not subject to Shareholders' approval under Rule 7.19A of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with it (which includes the Underwriters) is collectively interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the total number of the existing issued Shares. Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed, severally but not jointly, to take up, or procure their affiliated companies, to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue and no placement made under the Compensatory Arrangements, the Underwriters will be required to severally but not jointly, to take up, or procure their affiliated companies to take up, the Underwritten Shares and the aggregate shareholding to be held by the Underwriters and parties acting in concert with it upon completion of the Rights Issue would be approximately 48.89% of the then total issued Shares as enlarged by the allotment and issue of the Rights Shares. Under such circumstances, the Underwriters would be obliged to make a mandatory general offer for all the securities of the Company (other than those already owned or agreed to be acquired by the Wong Family Group and parties acting in concert with any of its members) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Underwriters have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among others, the approval of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are either in person or by proxy by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Underwriters are interested in the Whitewash Waiver, they and parties acting in concert with them are required to abstain from voting on the resolution(s) to be proposed at the SGM in relation to the Whitewash Waiver (including the resolutions regarding the Rights Issue and the Underwriting Agreement). The Wong Family Group and parties acting in concert with any of its members, who is interested in and aggregate of 61,162,823 Shares, representing approximately 28.44% of the total number of the existing issued Shares, and parties acting in concert with any of its members shall abstain from voting in respect of the resolution(s) relating to the Whitewash Waiver.

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As at the Latest Practicable Date, the Company does not believe that the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE WONG FAMILY GROUP AND PARTIES ACTING IN CONCERT WITH ANY OF ITS MEMBERS

As at the Latest Practicable Date, neither the Wong Family Group nor any parties acting in concert with any of its members:

- (a) save for the Shares as set out in “EFFECT OF RIGHTS ISSUE ON SHAREHOLDING OF THE COMPANY” in this circular, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Underwriting Agreement and Irrevocable Undertakings as described under the sections titled “THE UNDERWRITING AGREEMENT” and “THE IRREVOCABLE UNDERTAKINGS” respectively, has any other arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save for the Underwriting Agreement and the Irrevocable Undertakings, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (f) has dealt in any relevant securities of the Company in the six-month period preceding the Latest Practicable Date; and
- (g) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

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As at the Latest Practicable Date:

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriters, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriters and parties acting in concert with them in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement and the Irrevocable Undertakings, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriters and parties acting in concert with them on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriters and parties acting in concert with them; or the Company, its subsidiaries or associated companies.

SGM

The register of members of the Company will be closed from Thursday, 7 January 2021 to Tuesday, 12 January 2021 (with both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) Rights Issue (ii) the Underwriting Agreement; (iii) the Whitewash Waiver; (iv) the Increase in Authorised Share Capital. Only the Independent Shareholders will vote on the resolutions to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver at the SGM.

INFORMATION ON THE UNDERWRITERS AND WONG FAMILY GROUP

High Union is a company incorporated in the British Virgin Islands on 5 June 1997 whose principal business is investment holding. High Union is currently wholly-owned by Mr. Wong, the chairman of the Board. Triple Gains is a company incorporated in the British Virgin Islands on 17 October 2014 whose principal business is investment holding. Triple Gains is currently held as to 41.36% by Mr. Kevin Wong, the executive Director and chief executive officer of the Company, 29.84% by Mr. Kenneth Wong, an executive Director of the Company, and 28.80% by Mr. Keith Wong, all of whom are the sons of Mr. Wong. The Underwriters are not engaged in the business of underwriting. As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with any of its members is interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the entire issued Shares.

It is the intention of the Underwriters and the Wong Family Group to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriters and the Wong Family Group has no intention to introduce any major changes to the businesses of the Group, including any redeployment of the fixed assets of the Group.

LETTER FROM THE BOARD

ESTABLISHMENT OF THE LISTING RULES IBC, THE TAKEOVERS CODE IBC AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Listing Rules IBC comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

The Takeovers Code IBC comprising all non-executive Directors and independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

Red Sun has been appointed as the Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code.

None of the members of the Listing Rules IBC nor the Takeovers Code IBC has any interest or involvement in the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

DESPATCH OF THE PROSPECTUS DOCUMENTS

The Prospectus Documents is currently expected to be despatched to the Qualifying Shareholders on Monday, 25 January 2021 as soon as practicable after obtaining of the approval of the Rights Issue, the Underwriting Agreement and the transaction contemplated thereunder and the Whitewash Waiver by the Independent Shareholders at the SGM. The Prospectus only will be despatched to the Non-Qualifying Shareholders for their information only. The Non-Qualifying Shareholders will not be entitled to any assured allotment under the Rights Issue.

RECOMMENDATION

The Listing Rules IBC has been formed to advise the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder and the Takeovers Code IBC has been formed to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Red Sun has been appointed, with the approval of Listing Rules IBC and the Takeovers Code IBC, as the Independent Financial Adviser to advise the Listing Rules IBC and the Takeovers Code IBC and the Independent Shareholders in this regard.

You are advised to read carefully the letter of recommendation from the Listing Rules IBC and Takeovers Code IBC and the letter of advice from the Independent Financial Adviser set out on pages 40 to 41, pages 42 to 43 and pages 44 to 67 respectively of this circular. The Listing Rules IBC and Takeovers Code IBC, having taken into account the advice of the Independent Financial Adviser, considers that (i) the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the

LETTER FROM THE BOARD

transactions contemplated thereunder respectively are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; (ii) the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders. The Listing Rules IBC and Takeovers Code recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter from the Listing Rules IBC; (ii) the letter from the Takeovers Code IBC; (iii) the letter from Red Sun to the Listing Rules IBC and Takeovers Code IBC in respect of the Rights Issue, the Underwriting Agreement, and the transactions contemplated thereunder respectively, and the Whitewash Waiver, all of which are contained in this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE LISTING RULES IBC

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this Circular, from the Listing Rules IBC to the Independent Shareholders regarding the Underwriting Agreement and the transaction thereunder.



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

9 December 2020

To the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT

We refer to the circular dated 9 December 2020 (the “**Circular**”) of the Company of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement and the transaction thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

Red Sun has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 44 to 67 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 13 to 39 of the Circular and the additional information set out in the appendices to the Circular.

* *for identification purpose only*

LETTER FROM THE LISTING RULES IBC
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Having considered the terms of the Rights Issue and the letter from the Independent Financial Adviser, we consider that the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms and the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, despite the entering into of the Underwriting Agreement and the transactions contemplated thereunder not being in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed to approve the Underwriting Agreement and the transaction thereunder at the SGM respectively.

Yours faithfully,

Listing Rules IBC

Ms. Leung Churk Yin, Jeanny

Mr. Leung Ying Wah, Lambert

Mr. Lin Sun Mo, Willy

Independent non-executive Directors

LETTER FROM THE TAKEOVERS CODE IBC

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this Circular, from the Takeovers Code IBC to the Independent Shareholders regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

9 December 2020

To the Independent Shareholders

Dear Sirs,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES HELD ON
THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO THE
UNDERWRITING AGREEMENT; AND
(3) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular dated 9 December 2020 (the “**Circular**”) of the Company of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

Red Sun has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 44 to 67 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 13 to 39 of the Circular and the additional information set out in the appendices to the Circular.

* *for identification purpose only*

LETTER FROM THE TAKEOVERS CODE IBC

Having considered the terms of the Rights Issue, the Underwriting Agreement, and the Whitewash Waiver and the letter from the Independent Financial Adviser, we consider that the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions and the special resolution to be proposed to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver at the SGM, respectively.

Yours faithfully,

Takeovers Code IBC

Mr. Fung Wai Yiu

Mr. Lucas A.M. Laureys

Mr. Herman Van de Velde

Non-executive Directors

Ms. Leung Churk Yin, Jeanny

Mr. Leung Ying Wah, Lambert

Mr. Lin Sun Mo, Willy

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Red Sun, the Independent Financial Adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver for the purpose of inclusion in this circular.



9 December 2020

*To: The Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders of
Top Form International Limited*

Dear Sir/Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES
HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO THE
UNDERWRITING AGREEMENT; AND
(3) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 9 December 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

With reference to the Letter from the Board, the Company proposed to raise approximately HK\$43.0 million before expenses by way of the Rights Issue. The Rights Issue involves the issue of 86,015,050 Rights Shares at the Subscription Price of HK\$0.50 per Rights Share on the basis of two Rights Shares for every five existing Shares held on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$40.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Underwriting Agreement, the Underwriters comprising High Union and Triple Gains have conditionally agreed to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue and no placement made under the Compensatory Arrangements, the Underwriters will be required to, severally but not jointly, to take up, or procure their affiliated companies to take up, the Underwritten Shares and the aggregate shareholding held by the Underwriters upon completion of the Rights Issue would be approximately 48.89% of the then total issued Shares as enlarged by the allotment and issue of the Rights Shares.

Listing Rules Implications

As at the Latest Practicable Date, High Union (which is wholly-owned by Mr. Wong, an executive Director and the chairman of the Company), is a substantial shareholder of the Company. Triple Gains is beneficially owned as to 41.36% by Mr. Kevin Wong, an executive Director and chief executive officer of the Company and the son of Mr. Wong, 29.84% by Mr. Kenneth Wong, an executive Director and the son of Mr. Wong, and the brother of Mr. Kevin Wong, and 28.80% by Mr. Keith Wong, the son of Mr. Wong and the younger brother of Mr. Kevin Wong and Mr. Kenneth Wong. Both High Union and Triple Gains are connected persons of the Company under the Listing Rules. Therefore, the Underwriting Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As required under the Listing Rules, each member of the Wong Family Group (including the Underwriters) shall abstain from voting in respect of the resolution(s) relating to the Underwriting Agreement at the SGM.

As the Rights Issue will not increase the number of issued Shares by more than 50%, the Rights Issue is not subject to Shareholders' approval under Rule 7.19A of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Takeovers Code Implications and Application for Whitewash Waiver

As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with it (which includes the Underwriters) is collectively interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the total number of the existing issued Shares. Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed, severally but not jointly, to take up, or procure their affiliated companies, to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue and no placement made under the Compensatory Arrangements, the Underwriters will be required to severally but not jointly, to take up, or procure their affiliated companies to take up, the Underwritten Shares and the aggregate shareholding to be held by the Underwriters and parties acting in concert with it upon completion of the Rights Issue would be approximately 48.89% of the then total issued Shares as enlarged by the allotment and issue of the Rights Shares. Under such circumstances, the Underwriters would be obliged to make a mandatory general offer for all the securities of the Company (other than those already owned or agreed to be acquired by the Wong Family Group and parties acting in concert with any of its members) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Underwriters have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among others, the approval of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are either in person or by proxy by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Underwriters are interested in the Whitewash Waiver, they and parties acting in concert with them are required to abstain from voting on the resolution(s) to be proposed at the SGM in relation to the Whitewash Waiver (including the resolutions regarding the Rights Issue and the Underwriting Agreement). The Wong Family Group and parties acting in concert with any of its members, who is interested in and aggregate of 61,162,823 Shares, representing approximately 28.44% of the total number of the existing issued Shares, shall abstain from voting in respect of the resolution(s) relating to the Whitewash Waiver.

The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

THE LISTING RULES IBC AND THE TAKEOVERS CODE IBC

The Listing Rules IBC comprising all independent non-executive Directors, namely, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, has been established to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement and the 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 Shareholders on how to vote at the SGM.

The Takeovers Code IBC comprising all non-executive Directors and all independent non-executive Directors, namely, Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, has been established to advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

We, Red Sun, have been appointed as Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We are independent from and not connected with the Company and any of its respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to (i) the Listing Rules IBC and the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

In the previous two years, we have not acted as an independent financial adviser to any independent board committee and the independent shareholders of the Company for any transaction under the Listing Rules or Takeovers Code.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular which have been provided by the Company, the Directors and the Management, and for which they are solely and wholly responsible, were true and accurate at the time they were made and continued to be as at the date of the SGM and the Shareholders will be informed of any material change of information in the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps 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 opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group, the Underwriters or its subsidiaries, or their respective associates. We have not considered the taxation implications on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and is not used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice to the Listing Rules IBC, Takeovers Code IBC and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

As stated in the Letter from the Board, the Group is engaged in the design, manufacture and distribution of ladies' intimate apparel, principally brassieres.

A summary of the key financial information of the Group as extracted from the Company's annual report for the year ended 30 June 2020 (the "2020 Annual Report") is set out below.

	For the year ended 30 June	
	2019	2020
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,225,402	1,236,659
Gross profit	198,083	180,348
Loss for the year	(62,791)	(77,526)
– Equity shareholders of the Company	(61,224)	(77,235)
– Non-controlling interests	(1,567)	(291)
	As at 30 June	
	2019	2020
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank balances and cash	95,269	122,903
Total assets	819,468	844,062
Total liabilities	296,286	395,392
Total equity	523,182	448,670

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2020 Annual Report, the Group recorded revenue of approximately HK\$1,236.7 million for the year ended 30 June 2020, representing an increase of approximately HK\$11.3 million or 0.9% from approximately HK\$1,225.4 million for the year ended 30 June 2019. Such increase in revenue was mainly attributable to a favorable product mix and contribution from new customers on boarded for the year ended 30 June 2020 as compared with that of the year ended 30 June 2019. In particular, the increase in revenue was mainly attributable to the increase in revenue derived from the United States of America by approximately HK\$96.5 million or 11.7% and partially offset by (i) the decrease in revenue derived from Canada of approximately HK\$31.6 million or 69.1%; (ii) the decrease in revenue derived from Belgium of approximately HK\$25.2 million or 24.5%; (iii) the decrease in revenue derived from Sri Lanka of approximately HK\$10.9 million or 24.1%; and (iv) the decrease in revenue derived from Germany of approximately HK\$9.1 million or 35.3%.

However, the gross profit for the year ended 30 June 2020 decreased by approximately HK\$17.8 million or 9.0% from approximately HK\$198.1 million for the year ended 30 June 2019 to approximately HK\$180.3 million for the year ended 30 June 2020 which was mainly attributable to the increase in the cost of sales of approximately HK\$29.0 million or 2.8% for the year ended 30 June 2020 which was mainly due to the Sino-US trade war and the outbreak of COVID-19 pandemic where the Group has incurred additional tariff and operating costs to cope with the supply chain disruption and meeting customer demand. Accordingly, the loss attributable to the equity shareholders of the Company for the year ended 30 June 2020 increased by approximately HK\$16.0 million or 26.1% from approximately HK\$61.2 million for the year ended 30 June 2019 to approximately HK\$77.2 million for the year ended 30 June 2020 which was mainly due to (i) aforesaid reasons for the decrease in gross profit for the year ended 30 June 2020; and (ii) the increase in finance cost of approximately HK\$5.0 million for the year ended 30 June 2020 at a result of additional unsecured bank loans for the year ended 30 June 2020.

As at 30 June 2020, the Group had bank balances and cash, total assets, total liabilities and total equity of approximately HK\$122.9 million, HK\$844.1 million, HK\$395.4 million and HK\$448.7 million, respectively. In addition, based on the annual report of the Company for the year ended 30 June 2019 and the 2020 Annual Report, the gearing ratio increased from approximately 8% as at 30 June 2019 to approximately 31.3% as at 30 June 2020 which was mainly attributable to (i) the increase in unsecured bank loans by approximately HK\$57.1 million or 141.3%; and (ii) the decrease in equity attributable to the equity shareholders of the Company by approximately HK\$89.8 million or 17.4%.

2. Information on the Underwriters and Wong Family Group

High Union is a company incorporated in the British Virgin Islands on 5 June 1997 whose principal business is investment holding. High Union is currently wholly-owned by Mr. Wong, the chairman of the Board. Triple Gains is a company incorporated in British Virgin Islands on 17 October 2014 whose principal business is investment holding. Triple Gains is currently held as to approximately 41.36% by Mr. Kevin Wong, the executive Director and chief executive officer of the Company, 29.84% by Mr. Kenneth Wong, an executive Director of the Company, and 28.80% by Mr. Keith Wong, all of whom are the sons of Mr. Wong. The Underwriters are not engaged in the business of underwriting. As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with any of its members is interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the entire issued Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is the intention of the Underwriters and the Wong Family Group to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriters and the Wong Family Group has no intention to introduce any major changes to the businesses of the Group, including any redeployment of the fixed assets of the Group.

3. Background of and reasons for the Rights Issue

As set out in the Letter from the Board, the Group is engaged in the design, manufacture and distribution of ladies' intimate apparel, principally brassieres.

The Group has accelerated its strategy of diversifying manufacturing footprint by aggressively shifting of capacity out of the PRC by avoiding the additional import tariff which was imposed on brassiere products being manufactured in the PRC, being the country of origin since September 2019 and into South East Asia while also expanding the Group's product mix into seamless and fully fused products which has helped the Group mitigate the effect of the escalating Sino-US trade war while also capturing the growing consumer demand for comfortable and leisure apparel products. As such, the Group was able to achieve an approximately 6% year-over-year increase in revenue for the six months ended 31 December 2019 amidst the Sino-US trade war. For the year ended 30 June 2020, the Group has commenced operation in Myanmar and its new seamless product manufacturing facility in Thailand under a joint venture agreement, which the Company owns as to 60% equity interest of the joint venture company through an indirect wholly-owned subsidiary, Top Form Brassiere Mfg. Co., Limited. Additionally, the Group has also made a strategic equity investment in an Indonesian company engaging in the manufacturing of ladies' underwear in Indonesia as the Company explores further expansion in South East Asia. For the year ended 30 June 2020, the Group's overseas manufacturing facilities in South East Asia accounted for approximately 78% of the global production output whilst the PRC accounted for the remaining approximately 22%, as compared to approximately 66% and 34% respectively for the year ended 30 June 2019.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The estimated net proceeds of the Rights Issue after deducting the expenses will be approximately HK\$40.5 million. The Company intends to apply the net proceeds from the Rights Issue to :

- (i) approximately HK\$18.6 million for purchase of additional santoni machines for the seamless manufacturing expansion in Thailand, which would be in the form of capital contribution into Goal Plus Investment Limited, a joint venture company which is owned as to 60% by Top Form Brassiere Mfg. Co., Limited, an indirect wholly-owned subsidiary of the Company. The relevant capital injection is expected to be utilised by the end of 2021;
- (ii) approximately HK\$13.0 million for the increase of investment in an Indonesian company engaging in the manufacturing of ladies' underwear, which is expected to be utilised by the end of 2021;
- (iii) approximately HK\$6.4 million for the construction of the Myanmar factory facilities, which is expected to be utilised by the end of June 2021; and
- (iv) approximately HK\$2.5 million for the general working capital to support the daily operations of the Group.

The Board considers that the Rights Issue offers all Qualifying Shareholders the opportunity to participate and grasp the benefit of the future development of the Group. The Board is of the view, and we concur, that the Rights Issue not only provides greater financial flexibility for the Company, but also offers all Qualifying Shareholders the opportunity to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market subject to the availability; or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market. Please refer to the paragraph headed "4. Financing alternatives" below for our analysis on fund raising alternatives available to the Group.

For further details on the reasons for the Rights Issue, please refer to the section headed "REASONS FOR THE RIGHTS ISSUE" in the Letter from the Board.

In addition, we note that the general outlook on following countries in the South East Asia which the Group's intended to apply the net proceeds from the Rights Issue, being Thailand, Indonesia and Myanmar.

Based on an article headed "COVID-19 employment and labour market impact in Thailand" published by the International Labour Organisation in June 2020¹, the COVID-19 related impact on the economy in Thailand through both direct (generated by domestic lockdown) and indirect (supply and demand shocks in supply chains) channels is likely to be severe. The sectors that are most at risk to experience a significant reduction in economic output as a result of the COVID-19 crisis employed nearly 21 million of 37 million workers in 2019. The number of hours worked in Thailand declined by approximately 6% in the first quarter 2020 while the decrease is expected to increase to about 10% in the second quarter.

¹ International Labour Organisation (2020), *COVID-19 employment and labour market impact in Thailand*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the report titled “Economic Outlook for Southeast Asia, China and India 2019” published by the Organisation for Economic Co-operation and Development², the rise in Indonesia’s GDP growth in the medium term (i.e. 2019 to 2023) is projected to average 5.3%, the same rate recorded from 2012 to 2016. Since 2017, improvements in investment climate metrics (e.g. ease of doing business, investment competitiveness and perceptions of corruption), bodes well for expansion of the production base and an increase in job opportunities.

Based on an article headed “COVID-19 employment and labour market impact in Myanmar” published by the International Labour Organisation in July 2020³, in response to the economic fallout, the Government of the Union of Myanmar issued on 27 April 2020 the COVID-19 Economic Relief Plan (the “**CERP**”) which covers a range of emergency fiscal and monetary measures at an estimated cost of US\$2–3 billion. The CERP aims to alleviate the expected economic impact caused by COVID-19, while establishing a foundation to underpin a rapid economic recovery. Moreover, the Government of the Union of Myanmar announced further tax relief on additional salary and wage expenses, and expenditures for capital equipment on 12 June 2020.

Notwithstanding the uncertainty in the economic outlook in the abovementioned countries which the Group operates due to the current COVID-19 pandemic, we have discussed with the Management and understood that (i) there is a rise in the popularity of seamless intimate wear and seamless intimate wear has gradually been taking over traditional intimate wear as it provides better comfort and fit to wearers; and (ii) the Group’s overseas manufacturing facilities in South East Asia already accounted for a majority of the Group’s global production output and it is the strategy of the Group to continue to expand in such region in order to maintain its competitiveness in terms of lower manufacturing costs as well as abundant labour at reasonable cost amidst the challenges faced by the Group due to the Sino-US trade war.

Given that (i) the relatively low liquidity capital position of the Group due to the current level of bank loans, being the bank balances amounted to approximately HK\$84.0 million and bank loans due within one year amounted to approximately HK\$100.2 million as at 31 October 2020 and the Group is unable to obtain long term bank financing as discussed below; (ii) the global economic uncertainties arising from the impact of the COVID-19 pandemic; (iii) the Group had been in a state of loss-making in recent years; (iv) the Group has not conducted any equity fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date; (v) the Group’s diversified manufacturing capacity is being highly utilised over the recent past months; and (vi) the application of the use of proceeds under the Rights Issue, in order to reinforce the financial position of the Group, the Board is of the view, and we concur, that it is crucial for the Company to maintain a sufficient cash level for facing the upcoming potential challenges in the uncertain economic environment and supporting the long term expansion plans to prepare itself for future business opportunities and it would be important for the Company to raise long-term equity capital through the Rights Issue, which will strengthen the Group’s capital base, provide sufficient internal resources to finance the Group’s long-term investments in order to meet its future expansion and operation needs.

² Organisation for Economic Co-operation and Development (2019), *Economic Outlook for Southeast Asia, China and India 2019*

³ International Labour Organisation (2020), *COVID-19 employment and labour market impact in Myanmar*

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Accordingly, based on the reasons for the Rights Issue as mentioned above and the application of net proceed from the Rights Issue, we concur with the view of the Directors that it is in the interests of the Company and the Shareholders as a whole to raise long term equity capital through the Rights Issue for the Group's expansion and operation needs to be fair and reasonable.

4. Financing alternatives

As discussed with the Company, we understand the Board has considered other alternative means of fund raising before resolving to propose the Rights Issue including the followings:

(i) Placing of new shares

As advised by the Management, they are of the view, and we concur, that it would cause a material dilution effect to the shareholding of the Shareholders as it would involve the issue of a substantial amount of new Shares at a discount to external parties and the existing Shareholders would not have the opportunity to participate in the placing.

(ii) Open offer

In comparison to rights issue, open offer does not provide the flexibility to the Shareholders in dealing with the nil-paid rights attaching to the Rights Shares.

(iii) Debt financing

As set out in the Letter from the Board, the Group has approached its existing commercial banks and other prospective banks since the beginning of 2019 for an increase in the existing short term trading facility and extension of a longer term borrowing facility. As the financial position of the Group is significantly impacted by the COVID-19 pandemic, the Group was unable to obtain commercially viable terms on long term financing.

Besides, the Directors consider, and we concur, that additional debt financing will incur additional interest burden and will affect the profitability of the Group as well as creating gearing which we do not consider desirable. In view of the uncertain outlook of the global economy, it may be difficult for the Group to obtain long term bank borrowings in favourable terms.

In comparison, the equity raised through the Rights Issue would not be interest-bearing and hence the Company would have savings in interest payable as compared with incurring interest costs. Therefore, the Rights Issue as compared to debt financing would allow the Company to strengthen its capital base and liquidity without incurring interest costs.

(iv) Possible disposal of real estate assets

Reference is made to the announcement of the Company dated 16 September 2020 (the "**Disposal Announcement**"), whereby Top Form Brassiere Mfg. Co, Limited, and indirect wholly-owned subsidiary of the Company, entered into a preliminary sale and purchase agreement with an independent third party purchaser in relation to the disposal a property in Hong Kong (the "**Disposal**") which is being used as warehouse and office premises by the Group immediately before the Disposal for a consideration of HK\$28 million.

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As stated in the Disposal Announcement, the carrying value of such property was nil and the Group is expected to recognise an unaudited gain of approximately HK\$28 million. The proceeds from the Disposal will be used as general working capital of the Group.

As stated in the Appendix III to the Circular, as at 31 October 2020, the Group has investment properties, which are situated in the PRC, with market value at approximately HK\$100.4 million based on interest attributable to the Group, comprising industrial properties of approximately HK\$92.3 million and properties for dormitory purposes of approximately HK\$8.1 million. We have discussed with the Management and understand that the Group currently has no intention to dispose those properties interest. Besides, given that most of investment properties are industrial related and located in the PRC, it might require additional time to find willing buyers to acquire such properties at terms acceptable to the Group in order to monetarise the underlying value of those real estate assets. In addition, as all of the investment properties of the Group are located in the PRC, any repatriation of investment from the disposal of properties will be subject to prior approval from the relevant government authorities.

Hence, given the uncertainty in respect of the timing to realise the real estates assets to finance the Group's current need, we concur with the Director that the Right Issues is a suitable financing alternative for the Group.

In view of the above, we are of the view and we concur with the Directors that the Rights Issue is a more beneficial way of fund-raising when compared to the other alternative fund-raising methods as (i) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional allotments of the Rights Shares and hence avoids dilution and allow the Qualifying Shareholders to participate in the possible growth opportunity of the Company; (ii) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits; and (iii) the Rights Issue allows the Company to strengthen its capital base and liquidity without incurring interest costs and also enables the Company to reduce its gearing ratio.

5. Principal terms of the Rights Issue

5.1 Subscription Price

The Subscription Price is HK\$0.50 per Rights Share. As stated in the Letter from the Board, the Subscription Price and the subscription ratio were determined by the Company with reference to, among other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions, including but not limited to, the percentage discount(s) in other recent market comparable rights issues, the market price of the Shares prior to and including the Last Trading Day and the amount of funds the Company intends to raise under the Rights Issue; and (iii) the funding and capital needs of the Group for its business plans and prospects.

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In order to assess the fairness and reasonableness of the Subscription Price, we set out the following informative analysis for illustrative purpose:

Comparison with prevailing market price

We note that the Subscription Price, being equivalent to the par value of HK\$0.50 per Share, represents:

- (i) a discount of approximately 35.90% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 21.88% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 21.88% to the average of the closing price of approximately HK\$0.64 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 23.08% to the average of the closing price of approximately HK\$0.65 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 16.67% to the theoretical ex-rights price of HK\$0.60 per Share based on the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 74.75% to the consolidated net asset value per Share of approximately HK\$1.98 based on the equity attributable to owners of the Company of approximately HK\$425.7 million as at 30 June 2020 as extracted from the 2020 Annual Report and the issued share capital of the Company of 215,037,625 Shares as at the Latest Practicable Date;
- (vii) a discount of approximately 79.92% to the adjusted consolidated net asset value per Share of approximately HK\$2.49 based on the equity attributable to owners of the Company of approximately HK\$425.7 million as at 30 June 2020 as extracted from the 2020 Annual Report and adjusted upward by the valuation of the property interest held by the Company attributable to owners of the Company of approximately HK\$110.2 million (a comparison between the Group's property interests with a book value of approximately HK\$179.3 million as at 30 June 2020 and the valuation of property interest as at the valuation date of HK\$289.5 million) and the issued share capital of the Company of 215,037,625 Shares as at the Latest Practicable Date; and

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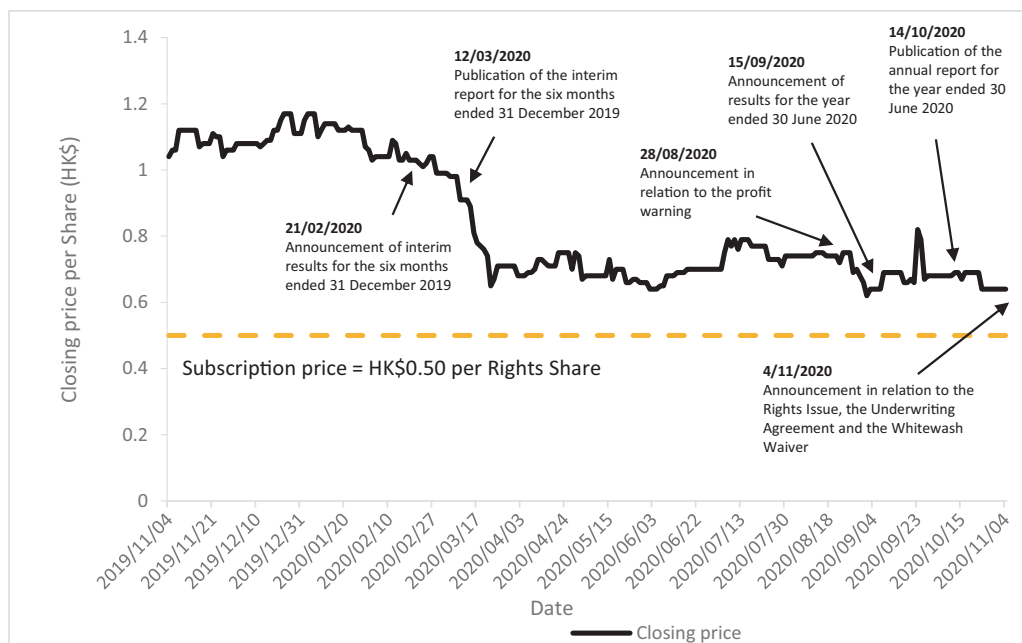
(viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 6.25% of the theoretical diluted price of HK\$0.60 per Share to the benchmarked price of HK\$0.64 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.64 and the average of the closing prices of approximately HK\$0.64 per Share quoted on the Stock Exchange for the last five consecutive days up to and including the Last Trading Day). The Rights Issue will not result in a theoretical dilution effect of 25% or more calculated based on Rule 7.27B of the Listing Rules.

Based on the above, we note that the Subscription Price in general represents a discount to the prevailing market price of the Shares.

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Comparison with historical closing prices

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements of the share price of the Company based on the closing price per Share as quoted on the Stock Exchange for the twelve-month period ended on and including the Last Trading Day (the “**Review Period**”).



During the Review Period, the lowest closing price per Share was HK\$0.62, recorded on 2 September 2020 while the highest closing price per Share was HK\$1.17, recorded on 20 December 2019, 23 December 2019, 24 December 2019, 3 January 2020, 6 January 2020 and 7 January 2020. The average daily closing price per Share was approximately HK\$0.84.

We note that the Subscription Price of HK\$0.50 per Rights Share is below the daily closing prices per Share throughout the Review Period and represents (i) a discount of approximately 57.3% from the highest closing price; (ii) a discount of approximately 19.4% to the lowest closing price; and (iii) a discount of approximately 40.4% from the average daily closing price during the Review Period. Given that the prevailing historical trading prices have already reflected the market valuation of the Company based on its financial results, corporate actions and the prevailing market sentiment, we consider it is fair and reasonable for the Company to determine the Subscription Price with reference the prevailing market price of the Shares and a discount to enhance the attractiveness of the Rights Issue, details of the analysis in relation to the fairness and reasonableness of the magnitude of the discount will be discussed in the paragraph headed “Comparison with recent rights issue transactions” below. Otherwise the Shareholders will have much fewer incentives to participate in the Rights Issue. Besides, as discussed in the paragraph headed “Comparison with recent rights issue transaction” below, we also noted that it is common market practice to set the Subscription Price at a discount to prevailing market prices to increase the attractiveness for shareholders to participate in a rights issue.

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We note that the Subscription Price of HK\$0.50 represents a discount of approximately 79.92% to the adjusted consolidated net asset value per Share of approximately HK\$2.49 based on the equity attributable to owners of the Company of approximately HK\$425.7 million as at 30 June 2020 as extracted from the 2020 Annual Report and adjusted upward by the valuation of the property interest held by the Company attributable to owners of the Company of approximately HK\$110.2 million (a comparison between the Group's property interests with a book value of approximately HK\$179.3 million as at 30 June 2020 and the valuation of property interest as at the valuation date of HK\$289.5 million) and the issued share capital of the Company of 215,037,625 Shares as at the Latest Practicable Date. We note that the discount of approximately 79.92% to the adjusted consolidated net asset value of the Group represented by the Subscription Price is substantial.

Considering that the Shares had been consistently traded at a substantial discount to the adjusted consolidated net asset value per Share, ranging from a minimum discount of approximately 53.01% to a maximum discount of approximately 75.10% during the Review Period, we are of the view that the prevailing market price is more relevant factor in determining the fairness and reasonableness of the Subscription Price. Discount to net asset value should be taken as a reference only. We consider that the current market price of the Shares directly reflects the value of the Share that is generally perceived by the market having taken into account all business segments of the Group as well as the prevailing market conditions. Therefore, we are of the view that based on our analysis as set in the paragraph headed "Comparison with recent rights issue transactions" below, the Subscription Price is fair and reasonable as it reflects the prevailing market price.

Comparison with recent rights issue transactions

We have independently reviewed rights issues announced by companies listed on the Stock Exchange during the six-month period prior to the Last Trading Day, i.e. 4 November 2020. Based on such search criteria, we have identified 18 rights issues (the "**Rights Issue Comparable(s)**") for comparison purposes. Although the circumstances surrounding and the businesses of such Rights Issue Comparables may be different from those relating to the Company, we consider that the six-month period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions which the Right Issues Comparables, for illustrative purpose only, as a review of the rights issue transactions within the previous six-month period is more demonstrative of the prevailing market practices. To the best of our knowledge, the list of Rights Issue Comparables is an exhaustive list of rights issues meeting the aforesaid search criteria and is a fair and representative sample to be taken as a general reference of the recent market practices in relation to rights issues, details of which are set out in the table below.

Although the Rights Issue Comparables may be different from the Group in terms of business nature, financial performance, financial position and funding requirements, we consider that the Rights Issue Comparables can serve as a market reference for recent market practices in relation to the subscription prices under other rights issues as compared to the relevant prevailing market share prices given our analysis is mainly concerned with the comparison of the subscription price to closing price, theoretical ex-rights price and net asset value in order to gain an insight to the reasonableness of the Subscription Price in respect of the Rights Issue and provide the Shareholders or potential investor of the Company a general trend and data of rights issue exercises in the market to make decision with respect to the Rights Issue.

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Date of announcement	Company name (stock code)	Basis of entitlement	Premium/ (Discount) of subscription price to the closing price on the last trading day (%)	Premium/ (Discount) of subscription price to the theoretical ex-rights price (%)	Premium/ (Discount) of subscription price to the net asset value (%) (note 1)	Maximum dilution (%)	Underwriting commission (%)	Excess application (Yes/No)
27-Oct-20	Longhui International Holdings Limited (1007)	1 for 1	(29.00)	(16.96)	N/A	50.00	1.5	Yes
19-Oct-20	CHK Oil Limited (632) (note 2)	3 for 8	26.58	17.99	(50.54)	27.30	non-underwritten basis	Yes
16-Oct-20	The Hong Kong Building and Loan Agency Limited (145)	1 for 3	(13.90)	(10.90)	(41.90)	25.00	1.5	Yes
25-Sep-20	Green International Holdings Limited (2700)	1 for 1	(17.81)	(9.77)	77.30	50.00	2.5	Yes
18-Sep-20	Wan Cheng Metal Packaging Company Limited (8291)	3 for 1	(19.40)	(5.70)	(89.60)	75.00	non-underwritten basis	No
11-Sep-20	Amber Hill Financial Holdings Limited (33)	3 for 1	(23.66)	(7.79)	N/A	75.00	non-underwritten basis	No
3-Sep-20	Aeso Holding Limited (8341)	3 for 1	(16.70)	(4.80)	N/A	75.00	non-underwritten basis	No
28-Aug-20	Royal Century Resources Holdings Limited(8125)	2 for 1	(25.00)	(10.00)	(81.10)	66.67	2.00	No
28-Aug-20	Milan Station Holdings Limited (1150)	5 for 2	(10.57)	(3.51)	N/A	71.43	2.00	Yes
24-Aug-20	Wealth Glory Holdings Limited (8269)	5 for 2	(11.10)	(3.60)	(82.50)	71.43	2.50	Yes
10-Aug-20	Beaver Group (Holding) Company Limited (8275)	1 for 2	(28.95)	(20.59)	N/A	33.33	5.00	Yes
5-Aug-20	Greatwalle Inc.(8315)	1 for 3	(27.54)	(21.88)	N/A	25.00	fix amount of HK\$200,000	Yes
30-Jul-20	Larry Jewelry International Company Limited (8351)	5 for 1	(29.17)	(6.59)	(60.47)	83.33	5.00	Yes
16-Jul-20	Langham Hospitality Investments Limited (1270)	1 for 2	(13.60)	(9.50)	(79.70)	33.33	non-underwritten basis	Yes
7-Jul-20	National Investments Fund Limited (1227)	5 for 1	(28.57)	(6.25)	N/A	83.33	3.50	Yes
6-Jul-20	China Merchants Securities Co., Ltd. (6099)	3 for 10	(41.79)	(20.33)	N/A	23.08	nil	Yes
2-Jul-20	Luxey International (Holdings) Limited (8041)	1 for 2	(58.30)	(48.20)	(16.70)	33.33	non-underwritten basis	Yes
9-Jun-20	Cathay Pacific Airways Limited (293)	7 for 11	(46.90)	(35.00)	(70.70)	38.89	2.00	Yes
		Minimum	(58.30)	(48.20)	(89.60)	23.08	Nil	
		Maximum	26.58	17.99	77.30	83.33	5.00	
		Average	(23.08)	(12.41)	(49.59)	52.25	2.50	
		Median	(24.33)	(9.64)	(65.59)	50.00	2.00	
Excluding CHK Oil Limited which we consider as outlier (note 2)								
		Minimum	(58.30)	(48.20)	(89.60)	23.08	Nil	
		Maximum	(10.57)	(3.51)	77.30	83.33	5.00	
		Average	(26.00)	(14.20)	(49.49)	53.71	2.50	
		Median	(25.00)	(9.77)	(70.70)	50.00	2.00	
4-Nov-20	The Company (333)	2 for 5	(21.88)	(16.67)	(74.75)	28.57	Nil	No

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

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Notes:

1. *N/A as the relevant information was not included as part of the analysis in their respective published announcements.*
2. *Based on the announcement dated 19 October 2020 published by CHK Oil Limited, the subscription price of the rights shares was trading at a premium to the market prices, however, it is noted that the subscription price is equivalent to the par value of the shares of CHK Oil Limited and there is restriction on setting its subscription price (i.e. according to the relevant Bermuda laws, it shall not issue shares at a price below its par value of HK\$0.20 per share). Accordingly, we consider CHK Oil Limited as an outlier.*

As shown in the above table, the subscription prices of most of the Rights Issue Comparables are set at discounts to the respective closing prices per share on the last trading day ranging from a discount of approximately 58.30% to a premium of approximately 26.58% (the “**Market Range**”) with an average discount and median discount of approximately 23.08% and 24.33%, respectively. The Subscription Price represents a discount of approximately 21.88% to the closing price per Share on the Last Trading Day (“**LTD Discount**”), which is within the Market Range and broadly in line with the average discount of approximately 23.08% of the Rights Issue Comparables (“**LTD Average Discount**”) and the median discount of approximately 24.33% of the Rights Issue Comparables (“**LTD Median Discount**”).

We also note that the premium or discount to the theoretical ex-rights price per share represented by the Rights Issue Comparables ranged from a discount approximately 48.20% to a premium of approximately 17.99%, with an average discount and median discount of approximately 12.41% and 9.64%, respectively. The Subscription Price represents a discount of approximately 16.67% to the theoretical ex-rights price per Share, which falls within the range represented by the Rights Issue Comparables.

Moreover, as shown in the above table, the premium/discount to the net asset value per share represented by the Rights Issue Comparables ranged from a discount of approximately 89.60% to a premium of approximately 77.30%, with an average discount and median discount of approximately 49.59% and 65.59%, respectively. The Subscription Price represents a discount of approximately 74.75% to the audited consolidated net asset value per Share as at 30 June 2020, which falls within the range as represented by the subscription prices of the Rights Issue Comparables to their respective latest net asset values per share.

In addition, after excluding the outlier (i.e. CHK Oil Limited) from the Rights Issue Comparables (the “**Adjusted Rights Issue Comparables**”), the discounts to the respective closing prices per share on the last trading day ranging from a discount of approximately 58.30% to approximately 10.57% (the “**Adjusted Market Range**”) with an average discount approximately 26.00% (the “**Adjusted LTD Average Discount**”) and median discount of 25.00% (the “**Adjusted LTD Median Discount**”). The LTD Discount is within the Adjusted Market Range and broadly in line with the Adjusted LTD Average Discount and Adjusted LTD Median Discount.

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The discounts to the theoretical ex-rights price per share represented by the Adjusted Rights Issue Comparables ranged from a discount of approximately 48.20% to approximately 3.51%, with an average discount and median discount of approximately 14.20% and 9.77%, respectively. The Subscription Price represents a discount of approximately 16.67% to the theoretical ex-rights price per Share, which falls within the range represented by the Adjusted Rights Issue Comparables.

The premium/discount to the net asset value per share represented by the Adjusted Rights Issue Comparables ranged from a discount of approximately 89.60% to a premium of approximately 77.30%, with an average discount and median discount of approximately 49.49% and 70.70%, respectively. The Subscription Price represents a discount of approximately 74.75% to the audited consolidated net asset value per Share as at 30 June 2020, which falls within the range as represented by the subscription prices of the Adjusted Rights Issue Comparables to their respective latest net asset values per share.

Based on the table above, the underwriting commissions of the Rights Issue Comparables ranged from nil to 5.0% with an average and median underwriting commission of 2.5% and 2.0%, respectively. Pursuant to the Underwriting Agreement entered into between the Company and the Underwriters, the Underwriters will not receive any underwriting commission in respect of the maximum number of Underwritten Shares for which the Underwriters have agreed to subscribe or procure subscription in the event that the Underwritten Shares are not taken up by the Qualifying Shareholders and not placed by the Placing Agent under the Compensatory Arrangements.

As set out in the letter from the Board, the Company approached four independent securities brokers to act as the underwriter to fully underwrite the Rights Issue, but none of them was willing to act as the underwriter to fully underwrite the Rights Issue given the prevailing market conditions. Given that no commission will be charged by the Underwriters and the prevailing market conditions, we concur with the Directors' view that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned. It should also be noted that the Rights Issue will not proceed if the Underwriters exercises its termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriters such termination rights are set out in the paragraph headed "Termination of the Underwriting Agreement" in the Letter from the Board. In view that it is common to have a termination clause incorporated in the underwriting agreement and the termination events are customary in nature, we consider such provisions are normal commercial terms and in line with the normal market practice. We have also reviewed other major terms of the Underwriting Agreement and are not aware of any terms being unusual.

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Although the Subscription Price of HK\$0.50 per Share was below the closing price of the Shares during the Review Period, we concur with the Directors that, taking into account (i) the LTD Discount is broadly in line with the LTD Average Discount and the LTD Median Discount; (ii) the LTD Discount is broadly in line with the Adjusted LTD Average Discount and Adjusted LTD Median Discount; (iii) the prevailing market price of Shares and the generally downward trend of the closing prices of the Shares during the Review Period, as well as the theoretical ex-rights price; (iv) the majority of the Rights Issue Comparables which the subscription prices of their rights issues were also issued at discounts to their prevailing market prices; and (v) the Directors' consideration of the future business development of the Group, we are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5.2 Potential dilution effect of the Rights Issue

As set out in the section headed "EFFECT OF RIGHTS ISSUE ON SHAREHOLDING OF THE COMPANY" in the Letter from the Board, assuming all Rights Shares are taken up by the Qualifying Shareholders, the shareholding of the existing public Shareholders would remain unchanged upon completion of the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders and hence all Rights Shares are taken up by the Underwriters, the shareholding of the existing public Shareholders would be reduced from approximately 41.80% as at the Latest Practicable Date to approximately 29.86% upon the completion of the Rights Issue, representing a dilution effect of approximately 28.57%.

For further details of the effect of Rights Issue on shareholding, please refer to the section headed "EFFECT OF RIGHTS ISSUE ON SHAREHOLDING OF THE COMPANY" in the Letter from the Board.

The Qualifying Shareholders who take up their provisional allotments of the Rights Shares in full will not suffer any dilution, while the shareholding interests of those who decide not to take up any of their provisional allotments of the Rights Shares will be diluted to a maximum extent of approximately 28.57% (which is calculated by dividing the number of Rights Shares to be issued by the summation of the number of Shares in issue as at the Latest Practicable Date and the number of Rights Shares to be issued).

Notwithstanding the potential dilution to the Independent Shareholders' proportional shareholding interests in the Company as discussed above, having taken into account that:

- (i) the Independent Shareholders can attend and vote for or against the relevant resolution(s) in relation to the Rights Issue and the Underwriting Agreement at the SGM;
- (ii) the Qualifying Shareholders can elect to accept the Rights Issue or not;
- (iii) the Qualifying Shareholders will have the opportunities to sell their nil-paid rights to subscribe for the Rights Shares in the market, for economic benefit;
- (iv) the Rights Issue will offer the Qualifying Shareholders an opportunity to subscribe for their Rights Shares to maintain their respective pro-rata shareholding interests in the Company at a discount as compared to the net asset value and historical and prevailing market price of the Shares; and

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- (v) those Qualifying Shareholders who take up their assured allotments in full under the Rights Issue will maintain their respective pro-rata shareholding interests in the Company after completion of the Rights Issue.

We are of the view that notwithstanding the cumulative dilution effect on the shareholding interests of the Independent Shareholders, which will only result when the Qualifying Shareholders do not subscribe for their pro-rata allotments of the Rights Shares, the Rights Issue can satisfy the funding need of expansion plan which is in the interests of the Shareholders and the Company as a whole.

5.3 Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

The Underwriters are members of the Wong Family Group, which collectively are beneficially interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the existing issued Shares as at the Latest Practicable Date. Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriters are connected persons of the Company, the Company must make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

The Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules. For the details in relation to the terms of the Placing Agreement, please refer to the section headed “THE PLACING AGREEMENT” in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Placing Agreement (including the placing fee) were determined after arm’s length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee (being the higher of HK\$100,000 or 1% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent is of similar nature as those under non-underwritten placing of new shares by companies listed on the Stock Exchange. To assess the fairness of the placing commission, we searched for transactions regarding placing of new shares (the “**Placing Comparables**”) announced during the two-month period prior to and including the Last Trading Day (i.e. 4 November 2020) by companies listed on the Stock Exchange (where information is available) so as to reflect the general trend of placing transactions in the market. We noted that the placing commissions of such Placing Comparables ranged from approximately 0.5% to 4.0%. Accordingly, the placing commission under Placing Agreement is in line with the placing market practice. Having also considered that (i) the placing commission under the Placing Agreement approaches the lower end of the range of placing commissions of the Placing Comparables; (ii) the consecutive loss positions of the Group (i.e. given the consecutive loss positions of the Group, it could be more difficult for the Placing Agent to procure independent places); and (iii) the terms of the Compensatory Arrangements, including the placing commission, were determined after arm’s length negotiation between the Placing Agent and the Company, we also consider the placing fee of the higher of HK\$100,000 or 1% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to be justifiable.

As stated in the Letter from the Board, the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, the Directors consider that, and we concur, the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interests of the Shareholders.

6. Possible financial effects of the Rights Issue

Net tangible assets

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, the consolidated net tangible assets of the Group attributable to the Shareholders was approximately HK\$425.7 million or approximately HK\$1.98 per Share, (based on a total number of 215,037,625 Shares then in issue) as at 30 June 2020.

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, assuming the completion of the Rights Issue took place on 30 June 2020, upon the completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders would be approximately HK\$466.2 million or HK\$1.55 per Share (based on a total number of 215,037,625 Shares then in issue and 86,015,050 Rights Shares) as at 30 June 2020.

Such decrease in the unaudited consolidated net tangible assets per Share upon completion of the Rights Issue is inevitable because the Rights Shares are to be issued at a discount to the consolidated net tangible assets per Share. Having considered the reasons and benefits of the Rights Issue as discussed and that all Qualifying Shareholders are offered the same opportunities to enjoy the benefit of subscribing the Rights Shares at the Subscription Price, we are of the view that the dilution in net tangible assets would be acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gearing ratio

According to the 2020 Annual Report, the bank balances and cash, the total borrowing from banks and total equity attributable to the Shareholders as at 30 June 2020 were approximately HK\$122.9 million, HK\$97.4 million and HK\$425.7 million, respectively.

Accordingly, the gearing ratio (being the ratio of total bank borrowings and the lease liabilities to total equity attributable to the Shareholders) was approximately 31.3%. According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, the consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2020 was approximately HK\$425.7 million. Based on (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders immediately after the completion of the Rights Issue would be approximately HK\$466.2 million as a result of the inflow of net proceeds from the Rights Issue as stated in the Appendix II in the Circular; and (ii) the total bank borrowings and the lease liabilities was approximately HK\$133.4 million as at 30 June 2020 as stated in the 2020 Annual Report, the gearing ratio would be improved after the completion of the Rights Issue.

Based on the foregoing, we consider that the Rights Issue can provide additional liquidity and enhance the overall financial position of the Company.

7. Whitewash Waiver

As at the Latest Practicable Date, the Wong Family Group and parties acting in concert with it (which includes the Underwriters) is collectively interested in an aggregate of 61,162,823 Shares, representing approximately 28.44% of the issued share capital of the Company. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of each member of the Wong Family Group pursuant to the Irrevocable Undertaking) and no placement will be made under the Compensatory Arrangements, the Underwriters will be required to take up a maximum amount of 61,549,920 Rights Shares. In such circumstance and upon completion of the Rights Issue, the Underwriters and parties acting in concert with it will, in aggregate, be interested in 147,177,873 Shares, representing approximately 48.89% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, the Underwriters would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the securities not already owned or agreed to be acquired by the Wong Family Group and parties acting in concert with it if the Underwriters are required to underwrite such number of Rights Shares under the Rights Issue that would bring the aggregate interests of the Underwriters and parties acting in concert with it in the Company to or above 30%, unless the Whitewash Waiver is granted. The Underwriters have made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Executive may or may not grant the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by at least 75% of the Independent Shareholders at the SGM by way of poll, and the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the SGM by way of poll. The Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC), the chief executive of the Company and their respective associates; the Underwriters, their associates and parties acting in concert with the Underwriters; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM. If the Whitewash Waiver is not granted by the Executive, or if granted, is not approved by the Independent Shareholders, the Rights Issue will not proceed.

In view of that (i) it is in the interests of the Company and the Shareholders as a whole to raise long term equity capital through the Rights Issue for the Group's expansion and operation needs to be fair and reasonable as discussed in the section headed "3. Background of and reasons for the Rights Issue"; (ii) the Rights Issue is currently the most appropriate and equitable fund raising method available to the Company; (iii) the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable as analysed in the section headed "5. Principal terms of the Rights Issue"; and (iv) the terms of the Underwriting Agreement to be fair and reasonable, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the completion of the Rights Issue is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned for the purpose of proceeding with the Rights Issue.

RECOMMENDATION

(a) The Underwriting Agreement and the transactions contemplated thereunder

Having taken into consideration (i) it is in the interests of the Company and the Shareholders as a whole to raise long term equity capital through the Rights Issue for the Group's expansion and operation needs to be fair and reasonable; (ii) the Rights Issue is currently the most appropriate and equitable fund raising method available to the Company; (iii) the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable; (iv) there will be no underwriting commission; and (v) no unusual terms in the Underwriting Agreement that we are aware of, we are of the opinion that the terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole, despite the entering into of the Underwriting Agreement not being in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders, as well as the Listing Rules IBC to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Underwriting Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) The Rights Issue, the Underwriting Agreement and the Whitewash Waiver

Meanwhile, having taken into consideration the reasons for and possible benefits of the Rights Issue and the Underwriting Agreement and that the Rights Issue is conditional upon, amongst others, the Whitewash Waiver having been granted by the Executive and all conditions (if any) attached to the Whitewash Waiver having been satisfied, we consider that the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Takeovers Code IBC to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Jimmy Chung
Managing Director

Mr. Jimmy Chung is a Responsible Officer of Red Sun to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 20 years of experience in corporate finance industry in Greater China.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the years ended 30 June 2018, 2019, and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.topformbras.com>).

- (i) Annual report of the Company for the year ended 30 June 2020 published on 15 September 2020 (page 45 – 112)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1014/2020101400403.pdf>

- (ii) Annual report of the Company for the year ended 30 June 2019 published on 27 August 2019 (page 45 – 110)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0923/ltn20190923167.pdf>

- (iii) Annual report of the Company for the year ended 30 June 2018 published on 24 August 2018 (page 57 – 122)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0920/ltn20180920377.pdf>

Set out below is a summary of the consolidated financial statements of the Group for the years ended 30 June 2018, 2019, and 2020.

	For the year ended 30 June		
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,281,021	1,225,402	1,236,659
Profit/(loss) before taxation	15,082	(59,409)	(79,306)
Profit/(loss) for the year attributable to:			
Owners of the Company	12,869	(61,224)	(77,235)
Non-controlling interest	<u>(522)</u>	<u>(1,567)</u>	<u>(291)</u>
	<u>12,347</u>	<u>(62,791)</u>	<u>(77,526)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	18,501	(16,733)	(90,165)
Non-controlling interest	<u>(435)</u>	<u>(1,795)</u>	<u>(267)</u>
	<u>18,066</u>	<u>(18,528)</u>	<u>(90,432)</u>
Earnings/(loss) per share			
Basic and diluted	<u>HK\$0.060</u>	<u>HK\$(0.285)</u>	<u>HK\$(0.359)</u>
Total dividends per share	<u>HK\$0.10</u>	<u>–</u>	<u>–</u>

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of the Company from KPMG for each of the year ended 30 June 2018, 2019 and 2020.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Group was as follows:

- (i) unsecured bank borrowings of HK\$100,209,000 which were guaranteed by the Company; and
- (ii) lease liabilities of HK\$31,014,000 which were secured by rental deposits and unguaranteed.

Save as aforesaid and apart from intra-group liabilities and trade payables in the normal course of business, as at the close of business on 31 October 2020, the Group did not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources available to the Group including but not limited to revenue generated by its principal businesses, cash and cash equivalents on hand, the facilities currently available and the net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

4. MATERIAL CHANGE

Save for the impact in relation to the disposal of property, where the Group is expected to recognise an unaudited gain of approximately HK\$28,000,000 from the disposal, which is calculated based on the consideration received by the Group from the disposal less the carrying value of the property as at 30 June 2020 before any expenses and tax, details of which was set out in the Company's announcement dated 16 September 2020, the Directors confirm that there have been no material change in the financial or trading position or outlook of the Group since 30 June 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND OPERATING PROSPECT

At the Latest Practicable Date, The Group is engaged in the design, manufacture and distribution of ladies' intimate apparel, principally brassieres. As disclosed in the annual reports of the Company for the years ended 30 June 2018, 2019 and 2020 respectively, the Group recorded revenue of approximately HK\$1,281 million, HK\$1,225 million and HK\$1,236 million, respectively.

As disclosed in the previous announcements dated 20 August 2019, 31 October 2019 and the annual reports for the year ended 30 June 2019 and 30 June 2020, the Group has accelerated its strategy of diversifying manufacturing footprint by aggressively shifting of capacity out of the PRC and into South East Asia while also expanding the Group's product mix into seamless and fully fused products which has helped the Group mitigate the effect of the escalating Sino-US trade war while also capturing the growing consumer demand for comfortable and leisure apparel products.

Looking forward, the Group expects to encounter all sorts of adversities as the global market continues to be affected by unpredictable economic and political risks, including but not limited to the prolonged trade dispute between the United States of America and the PRC and the COVID-19 outbreak that will have a severe negative impact on every business sector of the world and significantly slow down global economic growth.

Despite the uncertainties of the global economic outlook and the existing challenging global environment, the Group is prudently optimistic about the prospects of ladies' intimate apparel industry and believes the market will continue to grow over the long term. The Group will firmly grasp the development opportunities in South East Asia although its enhancements have been inevitably slowed by the delays in deliveries of materials and other logistical constraints caused by the recent COVID-19 pandemic.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the Shareholders as if the Rights Issue had been completed on 30 June 2020. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue or any future date after completion of the Rights Issue. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2020 as derived from the Group's published audited consolidated financial statements for the year ended 30 June 2020 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 30 June 2020.

Consolidated net tangible assets attributable to the Shareholders as at 30 June 2020 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders as at 30 June 2020 HK\$'000	Consolidated net tangible assets attributable to the Shareholders per Share as at 30 June 2020 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders per Share as at 30 June 2020 <i>(Note 4)</i> HK\$
Based on 86,015,050 Rights Shares to be issued at the Subscription Price of HK\$0.50 per Rights Share				
<u>425,747</u>	<u>40,466</u>	<u>466,213</u>	<u>1.98</u>	<u>1.55</u>

Notes:

1. The amount of consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2020 is based on consolidated net assets the Group of HK\$448,670,000 after deducting non-controlling interests of HK\$22,923,000 as extracted from the published audited consolidated financial statements of the Group for the year ended 30 June 2020.
2. The estimated net proceeds from the Rights Issue are based on the issuance 86,015,050 Rights Shares at HK\$0.50 each, after deducting the estimated related expenses of HK\$2,542,000 to be incurred by the Group.
3. The consolidated net tangible assets of Group attributable to the Shareholders per Share as at 30 June 2020 is calculated based on the consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2020 of HK\$425,747,000 divided by 215,037,625 Shares which represents Shares in issue as at 30 June 2020.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders per Share as at 30 June 2020 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2020 and 301,052,675 Shares in issue upon completion of the Rights Issue as at 30 June 2020, which comprises 215,037,625 Shares in issue as at 30 June 2020 before the Rights Issue and 86,015,050 Rights Shares to be issued under the Rights Issue.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

(B) REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.



**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF TOP FORM INTERNATIONAL LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Top Form International Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2020 and related notes as set out in Part A of Appendix II to the circular dated 9 December 2020 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed issue of 86,015,050 rights shares at HK\$0.50 each on the basis of two shares for every five existing shares (the “**Rights Issue**”) on the Group's financial position as at 30 June 2020 as if the Rights Issue had taken place at 30 June 2020. As part of this process, information about the Group's financial position as at 30 June 2020 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

9 December 2020

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests held by the Group. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited

21/F
No. 268 Des Voeux Road Central
Hong Kong

**The Board of Directors**

Top Form International Limited
7/F, Port 33,
No. 33 Tseuk Luk Street,
San Po Kong, Kowloon,
Hong Kong

9 December 2020

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in Hong Kong Special Administrative Region (“Hong Kong”), The People’s Republic of China (“The PRC”), Kingdom of Thailand (“Thailand”) and the Republic of the Union of Myanmar (“Myanmar”) held by Top Form International Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 31 October 2020 (the “Valuation Date”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors effective from 30 December 2017 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2020; the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited; and Rule 11 of the Hong Kong Code on Takeovers and Mergers published by the Securities and Futures Commission.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

For the property interests held under leasehold interests or land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term. For the property interests held under freehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests.

POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which may arise from the sale of the property interests include:

(a) Property interests located in Hong Kong:

- (i) Ad valorem stamp duty (“AVD”) on consideration or value of the property (whichever is the higher) at tax rates under Scale 1 as follows (Applicable to instruments of non-residential property executed on or after 23 February 2013 but before 26 November 2020):

Consideration or value of the property (whichever is the higher)	Rate
Up to HKD2,000,000	1.50%
HKD2,000,001 to HKD2,176,470	HKD30,000+20% of the excess over HKD2,000,000
HKD2,176,471 to HKD3,000,000	3.00%
HKD3,000,001 to HKD3,290,330	HKD90,000+20% of the excess over HKD3,000,000
HKD3,290,331 to HKD4,000,000	4.50%
HKD4,000,001 to HKD4,428,580	HKD180,000+20% of the excess over HKD4,000,000
HKD4,428,581 to HKD6,000,000	6.00%
HKD6,000,001 to HKD6,720,000	HKD360,000+20% of the excess over HKD6,000,000
HKD6,720,001 to HKD20,000,000	7.50%
HKD20,000,001 to HKD21,739,130	HKD1,500,000+20% of the excess over HKD20,000,000
HKD21,739,131 and above	8.50%

The Government announced that the Stamp Duty Ordinance would be amended to revert the AVD rates on certain instruments dealing with non-residential property from those under Part 2 of Scale 1 to those under Scale 2. Subject to the enactment of the relevant amendment bill by the Legislative Council, any instrument executed on or after 26 November 2020 for the sale and purchase or transfer of non-residential properties will be subject to AVD at the rates under Scale 2 as follows:

Consideration or value of the property (whichever is the higher)	Rate
Up to HKD2,000,000	HKD100
HKD2,000,001 to HKD2,351,760	HKD100+10% of the excess over HKD2,000,000
HKD2,351,761 to HKD3,000,000	1.50%
HKD3,000,001 to HKD3,290,320	HKD45,000+10% of the excess over HKD3,000,000
HKD3,290,321 to HKD4,000,000	2.25%
HKD4,000,001 to HKD4,428,570	HKD90,000+10% of the excess over HKD4,000,000
HKD4,428,571 to HKD6,000,000	3.00%
HKD6,000,001 to HKD6,720,000	HKD180,000+10% of the excess over HKD6,000,000
HKD6,720,001 to HKD20,000,000	3.75%
HKD20,000,001 to HKD21,739,120	HKD750,000+10% of the excess over HKD20,000,000
HKD21,739,121 and above	4.25%

The buyer, the seller, and any person who uses the instrument will be jointly and severally liable to pay AVD, be it calculated at Scale 1 or Scale 2 rates. In other words, the buyer, the seller and any person who uses the instrument will have the same extent of liability, under the law, to pay for any AVD payable on the chargeable instruments, irrespective of any agreement to the contrary made between them.

(ii) Profit tax on the profit from the sale of property at tax rates as follows:

Assessable Profit	Rate
Assessable profits up to HKD2,000,000	8.25%
Any part of assessable profits over HKD2,000,000	16.5%

(b) Property interests located in The PRC:

- (i) Value added tax on the consideration at a rate of 9% (plus a surcharge);
- (ii) Corporate income tax on the profit from the sale of property at a rate of 25%; and
- (iii) Land value appreciation tax on appreciated land value at progressive tax rates as follows:

Appreciated Land Value	Progressive Rate
Not more than 50%	30%
More than 50% but not more than 100%	40%
More than 100% but not more than 200%	50%
More than 200%	60%

(c) Property interests located in Thailand:

- (i) Stamp duty on the property value at a rate of 0.5%; and
- (ii) Corporate income tax on the profit from the sale of property at tax rates as follows:

Net Profit	Rate
THB0 – THB300,000	0%
THB300,001- THB3,000,000	15%
THB3,000,001 or more	20%

(d) Property interests located in Myanmar:

- (i) Stamp duty on the property value at tax rates as follows:

Details	Rate
Sale or transfer of immovable property outside Yangon	4%
Sale or transfer of immovable property within Yangon	7%

- (ii) Corporate income tax on the profit from the sale of property at a rate of 25%

For the property interests held by the Group in Group 1, they are going to be disposed of or being disposed of. Hence, the potential tax liabilities of these property interests are likely to be crystallized.

For the property interests held by the Group in Group 2 to Group 5, they are continued to be held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

VALUATION METHODOLOGY

When valuing the property interests held by the Group in Group 1 and Group 3, we have adopted Market Approach. When valuing the property interests held by the Group in Group 2, Group 4 and Group 5, we have adopted Cost Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

Cost Approach is subject to an assumption of adequate potential profitability of the business (or to service potential of the entity from the use of assets as a whole) paying due regard to the total assets employed. This technique is based on an estimate of the value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. In arriving at the value of the land, reference has been made to the land sale transactions as available in the locality. It generally provides the most reliable indication of value for a property in the absence of a known market based on comparable sales.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry for property interests located in Hong Kong and we have been provided with copies of documents in relation to the titles of the property interests located in The PRC, Thailand and Myanmar. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

We have relied on the advices given by legal advisers of the Group, regarding the titles of the property interests in The PRC, Thailand and Myanmar. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal advisers.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group and the legal advisers, in respect of the titles of the property interests in The PRC, Thailand and Myanmar. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HKD”), Renminbi (“RMB”), Thai Baht (“THB”) and United States Dollar (“USD”). The exchange rates adopted in our valuation are approximately RMB1.00 = HKD1.16, THB1.00 = HKD0.25 and USD1.00 = HKD7.75, which were approximately the prevailing exchange rates as at the Valuation Date.

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,

For and on behalf of

Vincorn Consulting and Appraisal Limited

Vincent Cheung

BSc(Hons) MBA FRICS MHKIS RPS(GP)

MCIREA MHKSI MISCM MHIREA

Registered Real Estate Appraiser & Agent PRC

Managing Director

Note:

Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“Hong Kong”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 23 years of experience in the valuation of properties of this magnitude and nature in Hong Kong, Mainland China, the US and other countries around the world.

VALUATION SUMMARY

Group 1 – Property Interests Held by the Group for Sale in Hong Kong

No.	Property	Market Value as at 31 October 2020	Interest Attributable to the Group	Market Value as at 31 October 2020 based on Interest Attributable to the Group
1	13th Floor and Roof, Fuk Chiu Factory Building, No. 20 Bute Street, Kowloon, Hong Kong	HKD28,000,000	100%	HKD28,000,000
Sub-total:		<u>HKD28,000,000</u>		<u>HKD28,000,000</u>

Group 2 – Property Interests Held by the Group for Occupation in The PRC

No.	Property	Market Value as at 31 October 2020	Interest Attributable to the Group	Market Value as at 31 October 2020 based on Interest Attributable to the Group
2	An Industrial Plant Located at No. 22 Yuejin Road, Yanbu Town, Nanhai District, Foshan, Guangdong Province, The PRC	RMB5,900,000 (HKD6,844,000)	100%	RMB5,900,000 (HKD6,844,000)
3	An Industrial Plant Located at South of Jianshe West Road, Dali Town, Nanhai District, Foshan, Guangdong Province, The PRC	RMB14,800,000 (HKD17,168,000)	100%	RMB14,800,000 (HKD17,168,000)
4	South Portion of an Industrial Plant Located at Longnan County Industrial Park, North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC	RMB68,800,000 (HKD79,808,000)	100%	RMB68,800,000 (HKD79,808,000)
5	North Portion of an Industrial Plant Located at Longnan County Industrial Park, North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC	RMB15,900,000 (HKD18,444,000)	49%	RMB7,791,000 (HKD9,037,560)
Sub-total:		<u>RMB105,400,000</u> <u>(HKD122,264,000)</u>		<u>RMB97,291,000</u> <u>(HKD112,857,560)</u>

Group 3 – Property Interests Held by the Group for Investment in The PRC

No.	Property	Market Value as at 31 October 2020	Interest Attributable to the Group	Market Value as at 31 October 2020 based on Interest Attributable to the Group
6	Levels 2, 3 & 4, Block 424, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	RMB75,300,000 (HKD87,348,000)	70%	RMB52,710,000 (HKD61,143,600)
7	Levels 6, 7 & 8, Block 523, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	RMB38,400,000 (HKD44,544,000)	70%	RMB26,880,000 (HKD31,180,800)
8	20 Dormitory Units on Level 1, Block 29 (Type B), Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	RMB6,000,000 (HKD6,960,000)	70%	RMB4,200,000 (HKD4,872,000)
9	12 Dormitory Units (West) on Level 6A, Block 44, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	RMB3,900,000 (HKD4,524,000)	70%	RMB2,730,000 (HKD3,166,800)
Sub-total:		RMB123,600,000 <u>(HKD143,376,000)</u>		RMB86,520,000 <u>(HKD100,363,200)</u>

Group 4 – Property Interests Held by the Group for Occupation in Thailand

No.	Property	Market Value as at 31 October 2020	Interest Attributable to the Group	Market Value as at 31 October 2020 based on Interest Attributable to the Group
10	An Industrial Plant Located at No.135, Moo 2, Mae Ku Sub-District, Mae Sot, Tak Province, Thailand	THB193,200,000 (HKD48,300,000)	100%	THB193,200,000 (HKD48,300,000)
Sub-total:		THB193,200,000 <u>(HKD48,300,000)</u>		THB193,200,000 <u>(HKD48,300,000)</u>

Group 5 – Property Interests Held by the Group for Development in Myanmar

No.	Property	Market Value as at 31 October 2020	Interest Attributable to the Group	Market Value as at 31 October 2020 based on Interest Attributable to the Group
11	Two Workshops Located at No. 614, Myintta Lin Myaing, Aung Chan Thar Quarter, Myintta Lin Myaing Village, Myawaddy, Kayin State, Myanmar	No Commercial Value	100%	No Commercial Value
Sub-total:		No Commercial Value <u>Value</u>		No Commercial Value <u>Value</u>
Total:		<u>HKD341,940,000</u>		<u>HKD289,520,760</u>

VALUATION CERTIFICATE

Group 1 – Property Interests Held by the Group for Sale in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
1	13th Floor and Roof, Fuk Chiu Factory Building, No. 20 Bute Street, Kowloon, Hong Kong	<p>The property comprises a factory unit on 13th floor and the roof in a 14-storey industrial building, known as Fuk Chiu Factory Building, located in Mong Kok.</p> <p>As per our scale-off measurement on the approved building plans, the property has a saleable area and an ancillary roof area of approximately 6,199.16 square feet (“sq.ft.”) and 5,150.20 sq.ft. respectively. As per the Occupation Permit No. K1/72, it was completed in about 1972.</p> <p>The subject lot, Sub-Section 1 of Section D of Kowloon Inland Lot No. 2789, is held under a Government Lease for a term of 75 years and renewable for another 75 years commencing from 30 January 1932.</p>	As per our on-site inspection and the information provided by the Group, the property is currently vacant.	<p>HKD28,000,000 (Hong Kong Dollar Twenty Eight Million)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD28,000,000 (Hong Kong Dollar Twenty Eight Million)</p>

Notes:

1. The property was inspected by Iverson Chan *MRICS MHKIS RPS(GP)* on 6 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.

3. The details of the land search records of the property dated 5 November 2020 are summarised below:

Item	Details
Registered Owner:	Top Form Brassiere Manufacturing Company Limited by an assignment dated 26 May 1972, registered vide Memorial No UB899553
Major Encumbrances:	<ul style="list-style-type: none"> • Deed of Variation of Crown Lease dated 26 May 1970, registered vide Memorial No. UB745651 • Deed of Mutual Covenant dated 11 March 1972, registered vide Memorial No. UB881853 • Agreement for Sale and Purchase in favour of Win Smart International Limited for a consideration of \$28,000,000 (Pt.) dated 7 October 2020, registered vide Memorial No. 20101900150044 • Preliminary Sale & Purchase Agreement in favour of Win Smart International Limited for a consideration of \$28,000,000 (Pt.) dated 16 September 2020, registered vide Memorial No. 20102000250096

4. The property is erected on Sub-Section 1 of Section D of Kowloon Inland Lot No. 2789, which is held under a Government Lease. The salient conditions are summarised below:

Item	Details
Lot Number:	Kowloon Inland Lot No. 2789
Lease Term:	75 years and renewable for another 75 years commencing from 30 January 1932
Site Area:	Approximately 26,520 sq.ft.
Government Rent:	\$13,680 p.a.
Major Special Conditions:	<ul style="list-style-type: none"> • The said Lessees shall not nor will without the consent of the Governor of Hong Kong for the time being first had and obtained in that behalf use or pursuant to be used the said premises or any part thereof for any purpose other than as a knitting factory or factory for a similar manufacturing process and shall not nor will erect any dwelling house or houses on the said premises other than such tenements for the use and occupation of bona fide employees of the said Lessees employed upon the said premises as His said Majesty's Director of Public Works shall first approve. • The said Lessees or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the said premises or any part thereof the trade or business of a Brazier Slaughterman Soap-maker Sugar-baker Fellmonger Melter of tallow Oilman Butcher Distiller Victualler or Tavern-keeper Blacksmith Nightman Scavenger or any other noisome or offensive trade or business whatever without the previous licence of His said Majesty signified in writing by the Governor or other person duly authorized in that behalf.

Sub-Section 1 of Section D of Kowloon Inland Lot No. 2789 is subject to Deed of Variation of Crown Lease dated 26 May 1970, registered vide Memorial No. UB745651, for the relaxation of the use of the subject lot for industrial purposes.

5. The Property falls within an area zoned "Residential (Group E)" under Approved Mong Kok Outline Zoning Plan No. S/K3/32 approved on 8 October 2019.

6. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 20 Bute Street, Kowloon, Hong Kong.
Transportation	:	Hong Kong International Airport and Mong Kok MTR Station are located approximately 33.6 kilometres and 0.4 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Mong Kok.

7. Pursuant to the information provided by the Group, Top Form Brassiere Manufacturing Company Limited is an indirect wholly-owned subsidiary of the Group.

Group 2 – Property Interests Held by the Group for Occupation in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
2	An Industrial Plant Located at No. 22 Yuejin Road, Yanbu Town, Nanhai District, Foshan, Guangdong Province, The PRC	<p>The property comprises a parcel of land, on which six workshops are erected.</p> <p>As per the State-owned Land Use Rights Certificate and the Real Estate Title Certificate, the subject site has a total site area of approximately 3,048.76 square metres (“sq.m.”). As per the Real Estate Title Certificates, the property has a total gross floor area (“GFA”) of approximately 6,260.22 sq.m. As per the Real Estate Title Certificates, it was completed in about 1981 to 1983.</p> <p>The land use rights of the property were allocated for industrial uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group for storage purposes.	<p>RMB5,900,000 (Renminbi Five Million and Nine Hundred Thousand)</p> <p>100% Interest Attributable to the Group:</p> <p>RMB5,900,000 (Renminbi Five Million and Nine Hundred Thousand)</p>

Notes:

- The property was inspected by Noah Liu *Probationer of RICS* on 7 November 2020.
- The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
- Pursuant to a State-owned Land Use Rights Certificate and a Real Estate Title Certificate, issued by Foshan State-owned Land Resources Bureau and Foshan Real Estate Administration Bureau, the land use rights of the property with a total site area of 3,048.76 sq.m. were allocated to 佛山市南海黛麗斯內衣有限公司 for industrial uses.

The details of the State-owned Land Use Rights Certificate and the Real Estate Title Certificate are summarized below:

Certificate No.	Date of Instrument	Site Area (sq.m.)
Fo Fu Nan Guo Yong (2011) Di No. 0705730	26 April 2011	2,244.60
Yue Fang Di Zheng Zi Di No. C3525774	8 June 2005	804.16
Total		3,048.76

- Pursuant to six Real Estate Title Certificates, dated 8 June 2005 and issued by Foshan Real Estate Administration Bureau, the building ownership rights of the property with a total GFA of 6,260.22 sq.m. were legally vested in 佛山市南海黛麗斯內衣有限公司.

The details of the Real Estate Title Certificates are summarized below:

Certificate No.	Portion	GFA (sq.m.)
Yue Fang Di Zheng Zi Di No. C3525774	Workshop 1	3,024.05
Yue Fang Di Zheng Zi Di No. C3525775	Workshop 2	723.59
Yue Fang Di Zheng Zi Di No. C3525776	Workshop 3	1,775.04
Yue Fang Di Zheng Zi Di No. C3525777	Workshop 4	368.64
Yue Fang Di Zheng Zi Di No. C3525773	Workshop 5	168.00
Yue Fang Di Zheng Zi Di No. C3525772	Workshop 6	200.90
Total		6,260.22

- The general description and market information of the property are summarized below:

Location	:	The property is located at No. 22 Yuejin Road, Yanbu Town, Nanhai District, Foshan, Guangdong Province, The PRC.
Transportation	:	Guangzhou Baiyun International Airport and Foshan Railway Station are located approximately 41.3 kilometres and 12.8 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Nanhai District.

6. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
- (a) 佛山市南海黛麗斯內衣有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) As the state-owned land use rights of the property were allocated, 佛山市南海黛麗斯內衣有限公司 can legally occupy and use the state-owned land use rights and buildings of the property, but there are legal limitations for 佛山市南海黛麗斯內衣有限公司 to let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.
7. Pursuant to the information provided by the Group, 佛山市南海黛麗斯內衣有限公司 is an indirect wholly-owned subsidiary of the Group.
8. As advised by the Group, the land use rights of the property were allocated and were not freely transferrable. In the course of our valuation, we have attributed no commercial value to the land portion of the property. The reference value of the land portion of the property, assuming that it can be freely transferred, as at the Valuation Date was circa RMB3,300,000.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
3	An Industrial Plant Located at South of Jianshe West Road, Dali Town, Nanhai District, Foshan, Guangdong Province, The PRC	<p>The property comprises a parcel of land, on which a workshop and three ancillary buildings are erected.</p> <p>As per the State-owned Land Use Rights Certificate, the subject site has a site area of approximately 1,525.00 sq.m.</p> <p>As per the Building Ownership Certificate and the information provided by the Group, the property has a total GFA of approximately 9,349.42 sq.m.</p> <p>As per the Building Ownership Certificate, it was completed in about 1991.</p> <p>The land use rights of the property were granted for a term expiring on 2 April 2045 for industrial uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group for production and ancillary purposes.	<p>RMB14,800,000 (Renminbi Fourteen Million and Eight Hundred Thousand)</p> <p>100% Interest Attributable to the Group:</p> <p>RMB14,800,000 (Renminbi Fourteen Million and Eight Hundred Thousand)</p>

Notes:

1. The property was inspected by Noah Liu *Probationer of RICS* on 7 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
3. Pursuant to a State-owned Land Use Rights Certificate, Nan Fu Guo Yong (95) Zi Di Te No. 78 dated 10 April 1995 and issued by Guangdong Province People's Government, the land use rights of the property with a site area of 1,525.00 sq.m. were granted to 統富發展有限公司 for a term expiring on 2 April 2045 for industrial uses.
4. Pursuant to a Building Ownership Certificate, Yue Fang Zi Di No. 4413193 dated 2 June 1994 and issued by Nanhai City People's Government, the building ownership rights of a portion of the property with a GFA of 9,040.68 sq.m. were legally vested in 統富發展有限公司.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at South of Jianshe West Road, Dali Town, Nanhai District, Foshan, Guangdong Province, The PRC.
Transportation	:	Guangzhou Baiyun International Airport and Foshan Railway Station are located approximately 41.9 kilometres and 12.8 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Nanhai District.
6. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 統富發展有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 統富發展有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.
7. Pursuant to the information provided by the Group, 統富發展有限公司 is an indirect wholly-owned subsidiary of the Group.
8. As advised by the Group, three ancillary buildings of the property with a total GFA of approximately 308.74 sq.m. are yet to be granted with a proper title certificate of building ownership rights. In the course of our valuation, we have attributed no commercial value to that portion of the property. The reference value of that portion of the property, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the Valuation Date was circa RMB400,000.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
4	South Portion of an Industrial Plant Located at Longnan County Industrial Park, North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC	<p>The property comprises a parcel of land, on which three workshops, a warehouse and various ancillary buildings are erected.</p> <p>As per the State-owned Land Use Rights Certificate and the Shareholders Agreement, the subject site has a site area of approximately 90,812.56 sq.m. As per the Building Ownership Certificate and the information provided by the Group, the property has a total GFA of approximately 41,766.19 sq.m. As per the Building Ownership Certificate, it was completed in about 2004.</p> <p>The land use rights of the property were granted for a term expiring on 30 August 2052 for industrial uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group for production and ancillary purposes.	<p>RMB68,800,000 (Renminbi Sixty Eight Million and Eight Hundred Thousand)</p> <p>100% Interest Attributable to the Group:</p> <p>RMB68,800,000 (Renminbi Sixty Eight Million and Eight Hundred Thousand)</p>

Notes:

1. The property was inspected by Noah Liu *Probationer of RICS* on 4 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
3. Pursuant to a State-owned Land Use Rights Certificate, Long Guo Yong (2002) Zi Di No. 1016 dated 30 August 2002 and issued by Longnan County Land Administration Bureau, the land use rights of the property with a site area of 111,098.56 sq.m. were granted to 龍南縣黛麗斯工貿園開發有限公司 for a term expiring on 30 August 2052 for industrial uses.
4. Pursuant to a Building Ownership Certificate, Longnan County Fang Quan Zheng Long Si Zi Di No. 10452 dated 6 October 2005 and issued by Jiangxi Province Longnan County Real Estate Administration Bureau, the building ownership rights of a portion of the property with a total GFA of 39,728.13 sq.m. were legally vested in 龍南縣黛麗斯內衣有限公司.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC.
Transportation	:	Ganzhou Huangjin Airport and Longnan Railway Station are located approximately 136.6 kilometres and 6.9 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Longnan County.
6. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 龍南縣黛麗斯工貿園開發有限公司 has obtained the state-owned land use rights and 龍南縣黛麗斯內衣有限公司 has obtained the building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 龍南縣黛麗斯工貿園開發有限公司 and 龍南縣黛麗斯內衣有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights respectively; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.
7. Pursuant to the information provided by the Group, 龍南縣黛麗斯工貿園開發有限公司 is an indirect wholly-owned subsidiary of the Group.
8. As advised by the Group, a warehouse and four ancillary buildings of the property with a total GFA of approximately 2,038.06 sq.m. are yet to be granted with a proper title certificate of building ownership rights. In the course of our valuation, we have attributed no commercial value to that portion of the property. The reference value of that portion of the property, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the Valuation Date was circa RMB3,000,000.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
5	North Portion of an Industrial Plant Located at Longnan County Industrial Park, North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC	<p>The property comprises a parcel of land, on which a workshop, two warehouses and two ancillary buildings are erected.</p> <p>As per the State-owned Land Use Rights Certificate and the Shareholders Agreement, the subject site has a site area of approximately 20,286.00 sq.m. As per the Building Ownership Certificate and the information provided by the Group, the property has a total GFA of approximately 9,762.44 sq.m. As per the Building Ownership Certificate, it was completed in about 2002.</p> <p>The land use rights of the property were granted for a term expiring on 30 August 2052 for industrial uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group for production and ancillary purposes.	<p>RMB15,900,000 (Renminbi Fifteen Million and Nine Hundred Thousand)</p> <p>49% Interest Attributable to the Group:</p> <p>RMB7,791,000 (Renminbi Seven Million Seven Hundred and Ninety One Thousand)</p>

Notes:

1. The property was inspected by Noah Liu *Probationer of RICS* on 4 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIRESA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
3. Pursuant to a State-owned Land Use Rights Certificate, Long Guo Yong (2002) Zi Di No. 1016 dated 30 August 2002 and issued by Longnan County Land Administration Bureau, the land use rights of the property with a site area of 111,098.56 sq.m. were granted to 龍南縣黛麗斯工貿園開發有限公司 for a term expiring on 30 August 2052 for industrial uses.
4. Pursuant to a Building Ownership Certificate, Longnan County Fang Quan Zheng Long Si Zi Di No. 10453 dated 15 June 2005 and issued by Jiangxi Province Longnan County Real Estate Administration Bureau, the building ownership rights of the property with a total GFA of 9,762.44 sq.m. were legally vested in 江西繡麗織帶有限公司.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at North of Yingbin Avenue, Longnan County, Ganzhou, Jiangxi Province, The PRC.
Transportation	:	Ganzhou Huangjin Airport and Longnan Railway Station are located approximately 136.6 kilometres and 6.9 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Longnan County.
6. Pursuant to the information provided by the Group, the Group holds 49% equity interest of 江西繡麗織帶有限公司.
7. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 龍南縣黛麗斯工貿園開發有限公司 has obtained the state-owned land use rights and 江西繡麗織帶有限公司 has obtained the building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 龍南縣黛麗斯工貿園開發有限公司 and 江西繡麗織帶有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights respectively; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.

Group 3 – Property Interests Held by the Group for Investment in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
6	Levels 2, 3 & 4, Block 424, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	<p>The property comprises three levels of industrial units in an industrial building.</p> <p>As per the Real Estate Title Certificates, the master site has a site area of approximately 30,398.40 sq.m. As per the Real Estate Title Certificates, the property has a total GFA of approximately 6,890.04 sq.m. As per the Real Estate Title Certificates, it was completed in about 1987.</p> <p>The land use rights of the property were granted for a term expiring on 11 October 2033 for industrial warehouse uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently leased for industrial purposes.	<p>RMB75,300,000 (Renminbi Seventy Five Million and Three Hundred Thousand)</p> <p>70% Interest Attributable to the Group:</p> <p>RMB52,710,000 (Renminbi Fifty Two Million Seven Hundred and Ten Thousand)</p>

Notes:

1. The property was inspected by Pixie Nong BA BJ on 7 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
3. Pursuant to three Real Estate Title Certificates, dated 25 January 2013 and issued by Shenzhen Real Estate Title Registration Centre, the land use rights of the master site of the property with a site area of 30,398.40 sq.m. and the building ownership rights of the property with a total GFA of 6,890.04 sq.m. were legally vested in 深圳黛麗斯內衣有限公司. The land use rights were granted for a term expiring on 11 October 2033 for industrial warehouse uses.

The details of the Real Estate Title Certificates are summarized below:

Certificate No.	Portion	GFA (sq.m.)
Shen Fang Di Zi Di No. 3000707938	Level 2	2,296.68
Shen Fang Di Zi Di No. 3000707939	Level 3	2,296.68
Shen Fang Di Zi Di No. 3000707937	Level 4	2,296.68
Total		<u>6,890.04</u>

4. As at the Valuation Date, the property was subject to a tenancy from 16 August 2018 to 15 August 2023 at a monthly rent of RMB434,070.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC.
Transportation	:	Shenzhen Baoan International Airport and Shenzhen Railway Station are located approximately 37.0 kilometres and 6.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Futian District.
6. Pursuant to the information provided by the Group, the Group holds 70% equity interest of 深圳黛麗斯內衣有限公司.
7. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 深圳黛麗斯內衣有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 深圳黛麗斯內衣有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
7	Levels 6, 7 & 8, Block 523, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	<p>The property comprises three levels of industrial units in an industrial building.</p> <p>As per the Real Estate Title Certificates, the master site has a site area of approximately 83,683.90 sq.m. As per the Real Estate Title Certificates, the property has a total GFA of approximately 3,744.00 sq.m. As per the Real Estate Title Certificates, it was completed in about 1984.</p> <p>The land use rights of the property were granted for a term expiring on 11 October 2033 for industrial warehouse uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently leased for industrial purposes.	<p>RMB38,400,000 (Renminbi Thirty Eight Million and Four Hundred Thousand)</p> <p>70% Interest Attributable to the Group:</p> <p>RMB26,880,000 (Renminbi Twenty Six Million Eight Hundred and Eighty Thousand)</p>

Notes:

1. The property was inspected by Pixie Nong BA BJ on 7 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC and Kit Cheung MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC.
3. Pursuant to three Real Estate Title Certificates, dated 25 January 2013 and issued by Shenzhen Real Estate Title Registration Centre, the land use rights of the master site of the property with a site area of 83,683.90 sq.m. and the building ownership rights of the property with a total GFA of 3,744.00 sq.m. were legally vested in 深圳黛麗斯內衣有限公司. The land use rights were granted for a term expiring on 11 October 2033 for industrial warehouse uses.

The details of the Real Estate Title Certificates are summarized below:

Certificate No.	Portion	GFA (sq.m.)
Shen Fang Di Zi Di No. 3000707935	Level 6	1,248.00
Shen Fang Di Zi Di No. 3000707932	Level 7	1,248.00
Shen Fang Di Zi Di No. 3000707934	Level 8	1,248.00
Total		<u>3,744.00</u>

4. As at the Valuation Date, the property was subject to a tenancy from 1 April 2018 to 31 March 2023 at a monthly rent of RMB179,712.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC.
Transportation	:	Shenzhen Baoan International Airport and Shenzhen Railway Station are located approximately 37.0 kilometres and 6.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Futian District.
6. Pursuant to the information provided by the Group, the Group holds 70% equity interest of 深圳黛麗斯內衣有限公司.
7. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 深圳黛麗斯內衣有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 深圳黛麗斯內衣有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
8	20 Dormitory Units on Level 1, Block 29 (Type B), Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	<p>The property comprises 20 dormitory units on Level 1 in a dormitory building.</p> <p>As per the Real Estate Title Certificate, the master site has a site area of approximately 25,672.90 sq.m. As per the Real Estate Title Certificate, the property has a GFA of approximately 592.80 sq.m. As per the Real Estate Title Certificate, it was completed in about 1985.</p> <p>The land use rights of the property were granted for a term expiring on 12 October 2033 for industrial warehouse uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently leased for dormitory purposes.	<p>RMB6,000,000 (Renminbi Six Million)</p> <p>70% Interest Attributable to the Group:</p> <p>RMB4,200,000 (Renminbi Four Million and Two Hundred Thousand)</p>

Notes:

1. The property was inspected by Pixie Nong BA BJ on 7 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC and Kit Cheung MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC.
3. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 3000441048 dated 11 December 2006 and issued by Shenzhen State-owned Land Resources and Real Estate Administration Bureau, the land use rights of the master site of the property with a site area of 25,672.90 sq.m. and the building ownership rights of the property with a GFA of 592.80 sq.m. were legally vested in 深圳黛麗斯內衣有限公司. The land use rights were granted for a term expiring on 12 October 2033 for industrial warehouse uses.
4. As at the Valuation Date, the property was subject to a tenancy from 1 June 2018 to 31 May 2024 at a monthly rent of RMB24,000.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC.
Transportation	:	Shenzhen Baoan International Airport and Shenzhen Railway Station are located approximately 37.0 kilometres and 6.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Futian District.
6. Pursuant to the information provided by the Group, the Group holds 70% equity interest of 深圳黛麗斯內衣有限公司.
7. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 深圳黛麗斯內衣有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 深圳黛麗斯內衣有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
9	12 Dormitory Units (West) on Level 6A, Block 44, Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC	<p>The property comprises 12 dormitory units on Level 6A in a dormitory building.</p> <p>As per the Real Estate Title Certificate, the master site has a site area of approximately 12,897.50 sq.m. As per the Real Estate Title Certificate, the property has a GFA of approximately 352.08 sq.m. As per the Real Estate Title Certificate, it was completed in about 1988.</p> <p>The land use rights of the property were granted for a term expiring on 12 October 2033 for residential uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently leased for dormitory purposes.	<p>RMB3,900,000 (Renminbi Three Million and Nine Hundred Thousand)</p> <p>70% Interest Attributable to the Group:</p> <p>RMB2,730,000 (Renminbi Two Million Seven Hundred and Thirty Thousand)</p>

Notes:

1. The property was inspected by Pixie Nong BA BJ on 7 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.
3. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 3000052799 dated 24 May 2000, the land use rights of the master site of the property with a site area of 12,897.50 sq.m. and the building ownership rights of the property with a GFA of 352.08 sq.m. were legally vested in 深圳黛麗斯內衣有限公司. The land use rights were granted for a term expiring on 12 October 2033 for residential uses.
4. As at the Valuation Date, the property was subject to a tenancy from 21 April 2017 to 20 April 2021 at a monthly rent of RMB16,200.
5. The general description and market information of the property are summarized below:

Location	:	The property is located at Bagualing Industrial Plant, Futian District, Shenzhen, Guangdong Province, The PRC.
Transportation	:	Shenzhen Baoan International Airport and Shenzhen Railway Station are located approximately 37.0 kilometres and 6.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Futian District.
6. Pursuant to the information provided by the Group, the Group holds 70% equity interest of 深圳黛麗斯內衣有限公司.
7. We have been provided with a legal opinion regarding the property by Guangdong Han Cheng Law Firm, which contains, *inter alia*, the following:
 - (a) 深圳黛麗斯內衣有限公司 has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights and building ownership rights of the property;
 - (b) 深圳黛麗斯內衣有限公司 can legally occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights and building ownership rights; and
 - (c) The state-owned land use rights and building ownership rights of the property are not subject to a mortgage, and are not subject to any dispute or seizure.

Group 4 – Property Interests Held by the Group for Occupation in Thailand

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
10	An Industrial Plant Located at No.135, Moo 2, Mae Ku Sub-District, Mae Sot, Tak Province, Thailand	<p>The property comprises a parcel of land, on which five workshops, an office, a warehouse, a dormitory, two canteens, two toilets, two guardhouses, a clinic and a locker room are erected.</p> <p>As per the Land Title Deeds, the subject site has a total site area of approximately 51,656.00 sq.m. As per the Building Construction Permits, the property has a total GFA of approximately 24,708.20 sq.m. As per the Building Construction Permits, it was completed from 2011 to 2020.</p> <p>The land titles of the property are held under freehold interests.</p>	As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group for production and ancillary purposes.	<p>THB193,200,000 (Thai Baht One Hundred Ninety Three Million and Two Hundred Thousand)</p> <p>100% Interest Attributable to the Group:</p> <p>THB193,200,000 (Thai Baht One Hundred Ninety Three Million and Two Hundred Thousand)</p>

Notes:

- The property was inspected by Thiti Kittissuban *Certified Senior Valuer No. 652* on 30 September 2020.
- The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC* and Seksan Hiranprasatkul *MRICS Certified Senior Valuer No. 075*.
- Pursuant to four Land Title Deeds, issued by the Land Department of Thailand, the land titles of the property with a total site area of 51,656.00 sq.m. were granted to Top Form Brassiere (Maesot) Co., Ltd. on a freehold basis.

The details of the Land Title Deeds are summarized below:

Deed No.	Registration Date	Lot No.	Surveyed No.	Site Area (sq.m.)
24310	15 October 2010	27	2536	18,212.00
51430	8 November 2011	148	5803	10,224.00
31187	9 March 2011	49	3260	21,428.00
31188	9 March 2011	50	3261	1,792.00
Total				51,656.00

4. Pursuant to seven Building Construction Permits, issued by the Mayor of Mae Ku District, the building titles of a portion of the property with a total GFA of 22,863.20 sq.m. were legally vested in Top Form Brassiere (Maesot) Co., Ltd.

The details of the Building Construction Permits are summarized below:

Permit No.	Planned Use	Issued Date	Total GFA (sq.m.)
012/2554	Sewing Factory	17 December 2010	2,818.20
038/2554	Sewing Factory	8 February 2011	10,140.00
052/2559	Residence	27 July 2016	3,960.00
-/2562	-	22 March 2019	1,875.00
017/2561	Residence	23 March 2018	1,070.00
081/2562	Factory	3 October 2019	3,000.00
005/2563	Retaining Walls and Fences	18 December 2019	-
Total			<u>22,863.20</u>

5. The general description and market information of the property are summarized below:

Location : The property is located at No. 135, Moo 2, Mae Ku Sub-District, Mae Sot, Tak Province, Thailand.

Transportation : Mae Sot Airport and Mae Sot Bus Station are located approximately 18 kilometres and 17 kilometres away from the property respectively.

Nature of Surrounding Area : The area is predominately a rural area in Mae Sot.

6. Pursuant to the information provided by the Group, Top Form Brassiere (Maesot) Co., Ltd is an indirect wholly-owned subsidiary of the Group.

7. We have been provided with a legal opinion regarding the property by IP Consulting (Thailand) Limited, which contains, *inter alia*, the following:

(a) Top Form Brassiere (Maesot) Co., Ltd. has obtained the Land Title Deeds and Building Construction Permits of the property in accordance with laws, and is the legal holder of the relevant land and buildings of the property;

(b) Top Form Brassiere (Maesot) Co., Ltd. can occupy, use, let, transfer, mortgage or by other means handle the relevant land and buildings; and

(c) The property is not subject to a mortgage, and is not subject to any dispute or seizure.

8. As advised by the Group, various ancillary buildings of the property with a total GFA of approximately 1,845.00 sq.m. is yet to be granted with a proper Building Construction Permit. In the course of our valuation, we have attributed no commercial value to that portion of the property. The reference value of that portion of the property, assuming that it has been granted with a proper Building Construction Permit and it can be freely transferred, as at the Valuation Date was circa THB18,800,000. As per the information provided by the Group, the Building Construction Permit and the legal title of that portion of the property is expected to be obtained in January 2021.

Group 5 – Property Interests Held by the Group for Development in Myanmar

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 October 2020
11	Two Workshops Located at No. 614, Myintta Lin Myaing, Aung Chan Thar Quarter, Myintta Lin Myaing Village, Myawaddy, Kayin State, Myanmar	<p>The property comprises two single-storey workshops, which are currently undergoing construction.</p> <p>As per the development scheme provided by the Group, the property has a total proposed GFA of approximately 5,936.00 sq.m., of which the proposed GFA of Phase 1 and that of Phase 2 are approximately 600.00 sq.m. and 5,336.00 sq.m. respectively.</p> <p>The land, which the property erected thereon, is entering into a tenancy for manufacturing uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about December 2020.	<p>No Commercial Value</p> <p>100% Interest Attributable to the Group:</p> <p>No Commercial Value</p>

Notes:

1. The property was inspected by Lawrence Lennon *MRICS* on 5 November 2020.
2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Lawrence Lennon *MRICS*.
3. Pursuant to a Myanmar Investment Commission Permit, No. 167/2019 dated 5 July 2019 and issued by the Myanmar Investment Commission, the permission of constructing a plant within two years for manufacturing of ladies underwear on cut-make-pack basis on Land No. 5, A-0.268 123, B-0.271 124, E-0.271 118, F-0.269 119, Myintta Lin Myaing Village, Myawaddy Township, Kayin State was granted to Top Form Myanmar Company Limited for a term of 30 years.
4. Pursuant to the information provided by the Group and the legal opinion issued by The Solution Power-Legal Consultant and Investment Co., Ltd, the land namely Land No. 5, A-0.268 123, B-0.271 124, E-0.271 118, F-0.269 119, Myintta Lin Myaing Village, Myawaddy Township, Kayin State, which the property erected thereon, is entering into a tenancy between Ngwe Pwint Linn Company Limited as the lessor and Top Form Myanmar Company Limited as the lessee. The tenancy agreement is currently pending for an approval from the Office of the Attorney General of the Union.
5. Pursuant to the information provided by the Group and the legal opinion issued by The Solution Power-Legal Consultant and Investment Co., Ltd, the lessor namely Ngwe Pwint Linn Company Limited has submitted the required documents and deeds to the relevant government authorities for permitting the construction of the property.
6. Pursuant to a letter, MaYaKa-3/kha-041/2020(018) dated 13 January 2020 and issued by the Myanmar Investment Commission, and a letter, Project/Sa-19(kha)(1)/(24820-25/19) dated 17 January 2020 and issued by the Myanmar Ministry of Natural Resources and Environment, the permission for the work to be carried out during the first five years in advance of obtaining the approved tenancy agreement was granted.
7. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 614, Myintta Lin Myaing, Aung Chan Thar Quarter, Myintta Lin Myaing Village, Myawaddy, Kayin State, Myanmar.
Transportation	:	Mae Sot Airport (Thailand) and Myawaddy Border Crossing Station are located approximately 16.5 kilometres and 12.7 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a rural area in Myawaddy, which is one of the most important trading posts between Myanmar and Thailand.
8. Pursuant to the information provided by the Group, Top Form Myanmar Company Limited is an indirect wholly-owned subsidiary of the Group.
9. We have been provided with a legal opinion regarding the property by The Solution Power-Legal Consultant and Investment Co., Ltd, which contains, *inter alia*, the following:
 - (a) Top Form Myanmar Company Limited has been licensed by the Myanmar Investment Commission to carry out business on the land, which the property erected thereon; and
 - (b) Ngwe Pwint Linn Company Limited as the lessor is working for the compliance of relevant regulations related to the land in order to obtain the approved tenancy agreement.
10. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa USD1,860,000. According to the information provided, the outstanding construction cost of the property as at the Valuation Date was circa USD800,000.
11. As advised by the Group, the property is yet to be granted with a proper title certificate of buildings. In the course of our valuation, we have attributed no commercial value to the property. The reference value of the property, assuming that it has been granted with a proper title certificate of buildings and it can be freely transferred, as at the Valuation Date was circa USD980,000. As per the information provided by the Group, the title certificate of buildings of the property is expected to be obtained in May 2021.

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 regards to the Group. 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the allotment and issue of the Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the completion of the Rights Issue) will be as follows:

- i. As the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>300,000,000</u>	Ordinary Shares of HK\$0.50 each	<u>150,000,000</u>
<i>Issued and fully paid share capital:</i>		
<u>215,037,625</u>	Ordinary Shares of HK\$0.50 each	<u>107,518,812</u>

- ii. The following table illustrates the share capital structure of the Company immediately after the completion of the Increase in Authorised Share Capital and the proposed Rights Issue (assuming no other issue or repurchase of Shares from the Latest Practicable Date to completion of the Rights Issue) will be as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>600,000,000</u>	Ordinary shares of HK\$0.50 each	<u>300,000,000</u>
<i>Issued and fully paid share capital:</i>		
215,037,625	Ordinary shares of HK\$0.50 each	107,518,812
<u>86,015,050</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>43,007,525</u>
<u>301,052,675</u>	Ordinary shares of HK\$0.50 each	<u>150,526,337</u>

All the Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company had not issued any Shares since 30 June 2020, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were 5,920,000 outstanding share options under the share option scheme of the Company carrying rights for the holders thereof to subscribe for an aggregate of 5,920,000 new Shares. No such share option will become exercisable before the Record Date. Save for these outstanding share options, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares.

The Company will apply to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day in the Shares took place at the end of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day, and (iii) on the Latest Practicable Date:

	Closing price per Share HK\$
29 May 2020	0.66
30 June 2020	0.70
31 July 2020	0.74
31 August 2020	0.68
30 September 2020	0.68
30 October 2020	0.64
4 November 2020 (the Last Trading Day)	0.64
30 November 2020	0.82
7 December 2020 (the Latest Practicable Date)	0.78

The lowest and highest closing prices per Share recorded on the Stock Exchange during the period commencing on 5 May 2020 (being the date falling six months immediately prior to the date of the Announcement) and ending on the Latest Practicable Date were HK\$0.58 on 9 November 2020 and HK\$0.89 on 24 November 2020, respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and underlying Shares or 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 or short positions which each of them has taken or deemed to have taken under the SFO and the Takeovers Code); or which were required in the register required to be kept by the Company pursuant to Section 352 of the SFO; or which were otherwise required to be notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”), are set out below:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of issued ordinary shares held	Number of share options held (Note 1)	Total interests by number of Shares	Percentage of the issued share capital of the Company (Note 7)
Mr. Wong	Beneficial owner and interests held by spouse, a controlled corporation and persons acting in concert (Note 2)	147,577,873	–	147,577,873	68.63%
Mr. Kevin Wong	Interests held by a controlled corporation and persons acting in concert (Note 3)	147,377,873	–	147,577,873	68.63%
	Beneficial owner	–	200,000		
Mr. Kenneth Wong	Persons acting in concert (Note 4)	147,377,873	–	147,577,873	68.63%
	Beneficial owner	–	200,000		
Mr. Herman Van de Velde	Interests held by a controlled corporation (Note 5)	55,184,708	–	55,184,708	25.66%
Mr. Fung Wai Yiu	Beneficial owner and interests held by spouse (Note 6)	8,705,704	–	8,705,704	4.05%
Mr. Leung Ying Wah, Lambert	Beneficial owner	80,000	–	80,000	0.04%
Ms. Leung Churk Yin, Jeanny	Beneficial owner	14,104	–	14,104	0.01%

Notes:

1. As at the Latest Practicable Date, there are 5,920,000 outstanding share options under the share option scheme of the Company carrying rights for the holders thereof to subscribe for an aggregate of 5,920,000 new Shares. No such share option will become exercisable before the Record Date. For further details of the share options granted to the Directors, please refer to annual report of the Company for the year ended 30 June 2020.
2. 4,624,504 Shares were beneficially owned by 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, the shares of which were held by Mr. Wong. 4,000,000 Shares were registered in the name of Triple Gains, 41.36% equity interest of which was held by 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. Pursuant to the Rights Issue and the Irrevocable Undertakings, (i) 1,849,802 Rights Shares; (ii) 88,000 Rights Shares; and (iii) 20,927,328 Rights Share, respectively will be offered and subscribed by each of Mr. Wong, Mrs. Wong, and High Union under their respective entitlements. Pursuant to the Underwriting Agreement, High Union and Triple Gains shall underwrite a maximum of 21,549,920 Rights Shares and 40,000,000 Rights Shares, respectively.
3. 4,000,000 Shares were held by Triple Gains, 41.36% equity interest of which was held by Mr. Kevin Wong, and 101,777,873 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. Pursuant to the Rights Issue, 1,600,000 Rights Shares will be offered and subscribed by Triple Gains under its entitlement. Pursuant to the Underwriting Agreement, Triple Gains shall underwrite 40,000,000 Rights Shares.
4. 147,377,873 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.
5. 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.
6. 4,618,504 Shares were beneficially owned by Mr. Fung Wai Yiu whereas 4,087,200 Shares were held by the spouse of Mr. Fung Wai Yiu.
7. shareholding percentage is calculated based on 215,037,625 Shares issued as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and/or chief executives of the Company nor their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and/or short position in the Shares and underlying Shares

As at the Latest Practicable Date and so far as is known to the Directors, the following substantial Shareholders (other than Directors and chief executives of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company under section 336 of the SFO and the Takeovers Code:

Long positions in the Shares and underlying Shares

Name	Capacity	Total interests (by number of Shares)	Percentage of the issued share capital of the Company (Note 4)
High Union	Beneficial owner, persons acting in concert and underwriter (Note 1)	147,577,873	68.63%
Triple Gains	Beneficial owner, persons acting in concert and underwriter (Note 2)	147,577,873	68.63%
VDV	Beneficial owner	55,184,708	25.66%
Mr. David Michael Webb	Beneficial owner and interests held by a controlled corporation (Note 3)	12,914,000	6.01%

Notes:

- 73,245,647 Shares were beneficially owned by High Union whereas 52,782,306 Shares were deemed to be interested by High Union which was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply. High Union agreed to underwrite a maximum of 21,549,920 Rights Shares pursuant to the Underwriting Agreement.
- 5,600,000 Shares were beneficially owned by Triple Gains whereas 101,977,873 Shares were deemed to be interested by Triple Gains which was a party to certain agreements to which sections 317(1)(a) and/or (b) of the SFO (Cap. 571) apply. Triple Gains agreed to underwrite a maximum of 40,000,000 Rights Shares a maximum of pursuant to the Underwriting Agreement.
- 5,244,200 Shares were beneficially owned by Mr. David Michael Webb and 7,669,800 shares were held by Preferable Situation Assets Limited, the shares of which were held by Mr. David Michael Webb.
- shareholding percentage is calculated based on 215,037,625 Shares issued as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, as of the Latest Practicable Date, was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

The Group has been for the past 38 years conducting transactions with VDV by supplying ladies' intimate apparel to VDV. VDV is a connected person of the Company by virtue of it being a substantial shareholder of the Company holding approximately 25.66% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Lucas A.M. Laureys is the non-executive Director of VDV. Mr. Herman Van de Velde is the chairman of the board of VDV and the non-executive director of VDV. A master agreement dated 18 September 2005 (the "**Master Agreement**") had been entered into between VDV and the Company. The Master Agreement had been renewed by entering into (i) the first renewal agreement dated 12 June 2008 for a terms of three years ended 30 June 2011; (ii) the second renewal agreement dated 1 April 2011 for a terms of three years ended 30 June 2014; (iii) the third renewal agreement dated 9 April 2014 for a terms of three years ended 30 June 2017; (iv) the fourth renewal agreement dated 10 April 2017 for a terms of three years ended 30 June 2020; and (v) the fifth renewal agreement dated 7 April 2020 for a terms of three years ending 30 June 2023.

Save as disclosed above, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2020 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Lucas A.M. Laureys is the non-executive director of VDV where principal business activity is the manufacture and marketing of luxury lingerie. 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. 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 or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

7. DEALINGS OF THE SHARES BY THE WONG FAMILY GROUP AND PARTIES ACTING IN CONCERT WITH ANY OF ITS MEMBERS

As at the Latest Practicable Date, neither the Wong Family Group nor any parties acting in concert with any of its members:

- (a) save for the Shares as set out in “EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS OF THE COMPANY” in this circular, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Underwriting Agreement and the Irrevocable Undertakings as described under the sections titled “THE UNDERWRITING AGREEMENT” and “THE IRREVOCABLE UNDERTAKINGS” respectively, has any other arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save for the Underwriting Agreement and the Irrevocable Undertakings, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (f) has dealt in any relevant securities of the Company in the six-month period preceding the Latest Practicable Date; and
- (g) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the Latest Practicable Date,

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriters, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriters and parties acting in concert with them in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement and the Irrevocable Undertakings, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriters and parties acting in concert with them on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriters and parties acting in concert with them; or the Company, its subsidiaries or associated companies.
- (d) there is no agreement, arrangement or understanding between the Underwriters (and any parties acting in concert with them) and any other person whereby the Shares to be acquired under the Rights Issue will be transferred, charged or pledged to any other persons.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

- (a) (including both continuous and fixed terms contracts) had been entered into or amended within six months before the date of the Announcement;
- (b) was a continuous contract with a notice period of 12 months or more;
- (c) was a fixed term contract with more than 12 months to run irrespective of the notice period; or
- (d) does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

10. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this circular:

Name	Qualifications
Elstone Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Red Sun Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Vincorn Consulting & Appraisal Limited	Independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since 30 June 2020 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

11. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group from 5 November 2018 (being the date falling two years immediately preceding 4 November 2020 (being the date of the Announcement)) up to and including the Latest Practicable Date:

- (i) the Placing Agreement;
- (ii) the Underwriting Agreement;
- (iii) the preliminary sale and purchase agreement dated 16 September 2020 and the formal sale and purchase agreement dated 7 October 2020 entered into between Top Form Brassieres Mfg. Co., Limited (an indirect wholly-owned subsidiary of the Company) and Win Smart International Limited (an Independent Third Party) in relation to the sale and purchase of a property used as warehouse and office premises at a consideration of HK\$28,000,000; and
- (iv) the joint venture agreement entered into between Top Form Brassiere Mfg. Co. Limited (an indirect wholly-owned subsidiary of the Company), Hong Kong Tak Fung Holdings Limited (a joint venture partner and an Independent Third Party) and Goal Plus Investment Limited (the joint venture company) on 20 August 2019 in relation to the formation and management of Goal Plus Investment Limited).

12. EXPENSES

The expenses in connection with the Rights Issue and the Whitewash Waiver, including but not limited to the financial advising fee, placing fee, legal, printing, registration, accounting and documentation charges, property valuation, etc. are estimated to be approximately HK\$2.5 million and are payable by the Company.

13. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Head office and principal place of business in Hong Kong	7/F, Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hong Kong

Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Company secretary	Mr. Pun Chi Wa
Authorised representatives	Mr. Wong Chung Chong Mr. Wong Kai Chung, Kevin
Principal bankers	Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central, Hong Kong
Auditor and reporting accountants	KPMG 8th Floor, Prince's Building 10 Chater Road, Central
Financial adviser to the Company	Elstone Capital Limited Suite 1612, 16/F West Tower, Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Legal adviser to the Company as to Hong Kong laws	Deacons 5th Floor Alexandra House 18 Chater Road Central, Hong Kong
Independent Financial Adviser to the Listing Rules IBC, Takeovers Code IBC and the Independent Shareholders	Red Sun Capital Limited Unit 3303, 33/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong
Placing Agent	Elstone Securities Limited Suite 1601–04, 16/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong

The Underwriters**High Union Holdings Inc.**

Sea Meadow House,
Blackburne Highway,
(P.O. Box 116),
Road Town, Tortola,
British Virgin Islands

Triple Gains Ventures Limited

Vistra Corporate Services Centre,
Wickhams CayII,
Road Town, Tortola, VG1110,
British Virgin Islands

Directors of the Underwriters**High Union Holdings Inc.**

Mr. Wong Chung Chong
Ms. Chan He Lin
Mr. Wong Kai Chi, Kenneth
Mr. Wong Kai Chung, Kevin
Mr. Wong Kai Chun, Keith

Triple Gains Ventures Limited

Mr. Wong Kai Chi, Kenneth
Mr. Wong Kai Chung, Kevin
Mr. Wong Kai Chun, Keith

**Ultimate controlling shareholder(s) of
the Underwriters****High Union Holdings Inc.**

Mr. Wong Chung Chong

Triple Gains Ventures Limited

Mr. Wong Kai Chi, Kenneth
Mr. Wong Kai Chung, Kevin
Mr. Wong Kai Chun, Keith

14. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**Executive directors**

Mr. Wong Chung Chong, aged 75, has been the Chairman and an executive Director since 31 October 2014 and 19 November 1991 respectively. He is also the authorized representative and was a member of the Nomination Committee of the Company until 31 October 2018. Mr. Wong is the co-founder of the Group and has taken over the role as Chairman of the Company since 31 October 2014. He is responsible for managing the Board issue and supervising the management team in adherence to the long term strategic development of the Group. He attains extensive experience and is very knowledgeable in the brassiere manufacturing industry. He has over 54 years of experience in the brassiere trade. He is also a director of a number of subsidiaries of the Company. Mr. Wong is the father of Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin, both are Executive Directors of the Company.

Mr. Wong Kai Chung, Kevin, aged 45, has been an executive Director since 1 March 2011, and was the Vice Chairman of the Company from 22 May 2015 to 23 August 2018. He was appointed as the Group's Chief Executive Officer on 24 August 2018. He is the authorized representative of the Company. Mr. Kevin Wong is an alternate Nomination Committee member to Mr. Kenneth Wong since 19 February 2016. Mr. Kevin Wong joined the Group in 2001 and is a director of Top Form Brassiere Mfg. Co., Limited and various subsidiaries of the Company. He has over 21 years of experience in business development, manufacturing operations, supply chain and finance. Mr. Kevin Wong graduated from Colby College, the United States of America majoring in Economics and International Studies in 1998. He was awarded a Master of Business Administration degree issued jointly by the Kellogg School of Management at Northwestern University and the Hong Kong University of Science and Technology in 2016. He is the holder of the Chartered Financial Analyst designation. Mr. Kevin Wong is the son of Mr. Wong Chung Chong and the younger brother of Mr. Kenneth Wong.

Mr. Wong Kai Chi, Kenneth, aged 46, has been an Executive Director and the Managing Director of the Company since 1 March 2011 and 22 May 2015 respectively. Mr. Kenneth Wong has been appointed as a member of the Nomination Committee of the Company since 19 February 2016. He joined the Group in 1997 and is a director of Top Form Brassiere Mfg. Co., Limited, a principal wholly owned subsidiary of the Company and various subsidiaries of the Company. Mr. Kenneth Wong is responsible for the Group's business development and marketing functions. He is currently the Honorary Chairman of Hong Kong Intimate Apparel Industries' Association since 1 December 2016. He is also a panel member of the Textile and Clothing Research Projects Assessment under Innovation and Technology Fund since 1 January 2017 and the Vice Chairman of Multi-Textiles and Fashion Accessories Council for Federation of Hong Kong Industries since 2017. He holds a Bachelor degree in Marketing and Operations Management from School of Management, Boston University in the United States of America and a Master degree in International Business from Asian Institute of Technology in Thailand. He has been awarded the Young Industrialist Awards of Hong Kong 2015 by the Federation of Hong Kong Industries. Mr. Kenneth Wong is the son of Mr. Wong Chung Chong and the elder brother of Mr. Wong Kai Chung, Kevin.

Non-executive Directors

Mr. Fung Wai Yiu, aged 73, is a non-executive Director and was a member of the Nomination Committee of the Company until 31 October 2019. Since 1998 and prior to his re-designation as a non-executive Director of the Company on 31 October 2014, Mr. Fung served as the Chairman and an Executive Director of the Company and was responsible for the Group's business strategy and development. Mr. Fung was a director of Hongkong Sales (International) Limited, a knitwear apparel manufacturing company until his retirement on 31 October 2019. He has over 50 years of experience in the apparel industry.

Mr. Lucas A.M. Laureys, aged 75, has been a non-executive Director of the Company since September 2002. He has been re-designated as a non-executive director of Van de Velde N. V. since 1 January 2016, the shares of which are listed on the NYSE Euronext Brussels stock exchange. Mr. Laureys has over 48 years of experience in the brassiere trade and specialises in marketing. Mr. Laureys holds a degree in Economics from the University of Ghent, a Master Degree in Marketing from the University of Leuven and a Master Degree in Business Administration from the University of Ghent Vlerick Business School. He was formerly a board member of Delta Lloyd Bank N. V. and the Chairman of the Board of Omega Pharma (a company previously listed on Euronext).

Mr. Herman Van de Velde, aged 66, has been a non-executive Director of the Company since September 2002. He also serves as a member of the Compensation Committee and the Nomination Committee of the Company. He has been appointed as the Chairman of the board of Van de Velde N. V. since 1 January 2016 and remains a non-executive director of Van de Velde N. V., the shares of which are listed on the NYSE Euronext Brussels stock exchange. He is also an independent director of Alsico, a Belgian garment company and Brabantia, a Dutch family owned company. He also holds several mandates in non-profit organisations. Mr. Van de Velde joined the brassiere industry in 1981 and is well versed in operating the brassiere business in Europe.

Independent non-executive Directors

Ms. Leung Churk Yin, Jeanny, aged 56, has been an independent non-executive Director of the Company since September 2008. Prior to this, she had been an Executive Director of the Company since February 1998 and re-designated as a non-executive Director in April 1999. She also serves as a member of the Audit Committee, the Compensation Committee and the Nomination Committee of the Company. Ms. Leung is a seasoned investment banker with 30 years of corporate finance experience in Hong Kong, Mainland China and Taiwan. Ms. Leung is currently an executive director of Altus Holdings Limited (stock code: 8149), a company listed on GEM of Hong Kong Stock Exchange.

Mr. Leung Ying Wah, Lambert, aged 73, has been an independent non-executive Director of the Company since May 2006. He is the chairman of the Audit Committee and the Nomination Committee, and a member of the Compensation Committee. Mr. Leung was the Chief Executive Officer of a leading construction materials company. He is a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Leung was the Past Chairman of the Hong Kong Cement Traders and Producers Association and the Past Chairman of the Hong Kong Construction Materials Association.

Mr. Lin Sun Mo, Willy, GBS, MBE, JP, FCILT, aged 61, has been an independent non-executive Director of the Company since May 2006. Mr. Lin also serves as the chairman of the Compensation Committee of the Company and a member of both Audit Committee and Nomination Committee of the Company. He holds a Bachelor of Science degree from Babson College in the United States of America and is the Managing Director of Milo's Knitwear (International) Limited. Mr. Lin is concurrently the Chairman of The Hong Kong Shippers' Council and Hong Kong Productivity Council, Honorary Chairman of Textile Council of Hong Kong, a member of the HKSAR's Logistics Development Council, Maritime and Port Board, Trade and Industry Advisory Board, an Ex-officio member of Committee on Innovation, Technology and Re-industrialisation, a Committee Member of the Chinese People's Political Consultative Committee of Jieyang, Guangdong, Honorary Trade Advisor of Ministry of Commerce of Thailand and Honorary Consul of the Slovak Republic in Hong Kong and Macao.

Senior management

Mr. Thomas Hirschmugl, aged 51, was appointed Chief Manufacturing Officer of the Group in November 2018. He is responsible for the Group's supply chain, manufacturing systems and engineering capabilities. He has over 30 years of experience in industrial engineering and manufacturing. He held senior positions in various large scale multi-site manufacturing companies in China, Asia-Pacific and Europe. He holds a Bachelor's degree in Business Administration.

Ms. Anna Maria Swierkosz, aged 54, joined the Group in January 2019 as the Chief Product Officer of the Group. She leads the development of product strategy and manages product design, innovation and creation capabilities to support business strategy of the Group. She possesses more than 30 years of experience in intimate design and product development. She holds a degree of Associate in Applied Science.

Mr. Pun Chi Wa, aged 48, was appointed Chief Financial Officer of the Group and the Company Secretary of the Company in June 2018. He is responsible for managing the Company's finances and assisting on all of the Group's strategic developments and tactical matters in the formulation of future Group direction. He has over 26 years of financial and operational management experience and held senior positions in various companies before joining the Group. Mr. Pun holds a Bachelor's degree in Business Administration and is a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Tse Ting Ting, aged 52, is the Chief People Officer of the Group. She oversees all aspects of human resources management for the Group and assists in developing the Group's strategy in relation to human capital. She joined the Group in September 2018 and has over 30 years of experience in human resources roles with more than 10 years in regional management roles at multinational corporations and business with large workforce. She holds a Master's degree in Business Administration.

Mr. Eduardo Portabella, aged 48, is the Group Technical Director and the Executive Director of Grand Gain Industrial Limited ("**Grand Gain**"), a subsidiary of the Company. He joined the Group in June 2016 and was appointed Group Technical Director in April 2020. He is responsible for leading the Group's technical and industrial design, and business development and product innovation for Grand Gain, the polyurethane foam cup subsidiary of the Group. Mr. Portabella has extensive experience in business development, manufacturing and supply chain operations, project management, and engineering. He holds an Executive Master of Business Administration degree. He also holds a Doctoral degree in Electrical Engineering, a Master's degree and a Bachelor's degree in Telecommunications Engineering.

15. GENERAL

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in 7/F, Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hong Kong during normal business hours (except Saturdays and public holidays) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. during the period from the date of this circular up to and including the date of the SGM.

- (i) the memorandum of association and the bye-laws of the Company and the Underwriters;
- (ii) the letter from the Board, the text of which is set out on pages 13 to 39 of this circular;
- (iii) the letters from the Listing Rules IBC and Takeovers Code IBC, the text of which is set out on pages 40 to 43 of this circular;
- (iv) the letter from Red Sun, the text of which is set out on pages 44 to 67 of this circular;
- (v) the annual reports of the Company for each of the years ended 30 June 2018, 2019 and 2020;
- (vi) the report from KPMG on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (vii) the property valuation report and the valuation certificate prepared by Vincorn Consulting & Appraisal Limited the text of which is set out in Appendix III to this circular;
- (viii) the written consents referred to in the paragraph headed “EXPERTS AND CONSENTS” in this appendix;
- (ix) the material contracts referred to in the paragraph headed “MATERIAL CONTRACTS” in this appendix;
- (x) the Irrevocable Undertakings;
- (xi) the Placing Agreement;
- (xii) the Underwriting Agreement;
- (xiii) the Announcement; and
- (xiv) this circular.

NOTICE OF SGM



TOP FORM INTERNATIONAL LIMITED

黛麗斯國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Top Form International Limited (the “**Company**”) will be held at 7/F, Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 12 January 2021 at 10:00 a.m., Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 9 December 2020 (the “**Circular**”)):

ORDINARY RESOLUTIONS

1. “**THAT:**

subject to and conditional upon fulfillment of the conditions of the Underwriting Agreement, including the passing of resolutions numbered 2 and 4 below, and the Underwriting Agreement not being terminated in accordance with its terms:

- (a) the issue by way of rights of 86,015,050 new shares of the Company (“**Rights Shares**”) by way of Rights Issue (the “**Rights Issue**”) at HK\$0.50 per Rights Share on the basis of two (2) Rights Shares for every five (5) Shares held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on Friday, 22 January 2021 (the “**Record Date**”) other than those shareholders (the “**Non-Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and substantially on the terms and conditions set out in the circular of the Company dated 9 December 2020 (a copy of which **marked “A”** is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, **be and is hereby approved** and the Directors be and are hereby authorised to issue and allot such Rights Shares by way of rights and otherwise on the terms set out in such document, and the placing agreement dated 4 November 2020 entered into between the Company and the Placing Agent (“**Placing Agreement**”) in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares at the placing price of not less than the Subscription Price per Unsubscribed Rights Share or NQS

* for identification purpose only

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Unsold Rights Share on a best effort basis (a copy of the Placing Agreement **marked “B”** is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, **be and are hereby approved, confirmed and ratified;**

- (b) the board of Directors (the **“Board”**) or a committee thereof **be and is hereby authorised to** allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and
- (c) any one or more Directors **be and is/are hereby authorised to** take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.”

2. **“THAT:**

- (a) the entering into of the underwriting agreement dated 4 November 2020 between the Company and the Underwriters in relation to the Rights Issue (the **“Underwriting Agreement”**) and the transactions contemplated thereunder (a copy of the Underwriting Agreement **marked “C”** is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) **be and is hereby approved, confirmed and ratified** in all respects and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriters be and are hereby approved, confirmed and ratified; and
- (b) any one or more Directors **be and is/are hereby authorised to** take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Underwriting Agreement and the transactions contemplated thereunder.”

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3. **“THAT:**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$150 million divided into 300,000,000 Shares to HK\$300 million divided into 600,000,000 Shares by the creation of an additional 300,000,000 Shares, and that each such new Share, upon issue and fully paid, shall rank *pari passu* in all respects with the existing issued Shares and have the rights and privileges and be subject to the provisions contained in the memorandum of association and bye-laws of the Company (the **“Increase in Authorised Share Capital”**); and
- (b) any one or more Directors **be and is/are hereby authorised** to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Increase in Authorised Share Capital.”

SPECIAL RESOLUTION

4. **“THAT:**

- (a) Subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the granting of a waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (**“Takeovers Code”**) to the Underwriters of any obligation to make a general offer under the Takeovers Code for all the issued shares of the Company (other than those owned or agreed to be acquired by the Underwriters and parties acting in concert with the Underwriters) as a result of the taking up of the Underwritten Shares by the Underwriters pursuant to the Underwriting Agreement (the **“Whitewash Waiver”**) be and is hereby approved; and

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- (b) any one or more Directors **be and is/are hereby authorised** to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Whitewash Waiver and the transactions contemplated thereunder.”

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

Hong Kong, 9 December 2020

Registered office:
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Head office and principal place of business in Hong Kong:
7/F, Port 33,
33 Tseuk Luk Street,
San Po Kong,
Kowloon,
Hong Kong

NOTICE OF SGM

Notes:

- (1) Any member entitled to attend and vote at the SGM is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited with the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be).
- (4) The register of members of the Company will be closed from Thursday, 7 January 2021 to Tuesday, 12 January 2021 (both days inclusive) to determine the entitlement to attend and vote at the SGM. During such period, no transfer of shares of the Company will be registered. In order to be qualified for attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Wednesday, 6 January 2021.
- (5) Completion and return of the form of proxy will not preclude members from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (6) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

As at the date of this notice, the Company's executive Directors are Mr. Wong Chung Chong (Chairman), Mr. Wong Kai Chung, Kevin and Mr. Wong Kai Chi, Kenneth, the non-executive Directors are Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde, and the independent non-executive Directors are Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy.

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE SGM

At the time of publishing this notice the coronavirus (COVID-19) situation in Hong Kong is still developing and the situation at the time of the SGM is difficult to predict. The Company will closely monitor the development of the COVID-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to COVID-19 pandemic. The Company will ensure that the SGM will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the SGM. The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly recommends shareholders to appoint the chairman of the SGM as their proxy and submit their form of proxy as early as possible.

In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”), the Company will implement precautionary measures at the SGM in the interests of the health and safety of the attendees of the SGM which include without limitation:

- the Shareholders attending in person at the venue of the SGM in excess of the 20 persons limit under provision 11(b) of Schedule 1 of the Regulation will be accommodated in separate rooms or partitioned areas in the same room at the venue of the SGM, with not more than 20 persons (or such other number of persons allowed under the Regulation) (including supporting staff for the SGM) in each such room or partitioned area;
- all attendees will subject to compulsory body temperature checks before entering the SGM venue;
- all attendees will be required to wear surgical face masks throughout the SGM;
- maintaining proper distance between seats;
- any person who does not comply with the above measures may be denied entry to the meeting venue; and
- no beverage or refreshments will be served and no corporate gifts will be distributed at the SGM.

Due to the constantly evolving COVID-19 pandemic situation, the Company may implement further changes and precautionary measures in relation to the SGM arrangements at short notice. Shareholders should check the Company’s website.