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TOP FORM INTERNATIONAL LIMITED

(黛麗斯國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

CONTINUING CONNECTED TRANSACTIONS

The Board wishes to announce that for the past 23 years, the Group has been supplying ladies' intimate apparel to VDV. It is anticipated that the Group will continue the VDV Transactions on a recurring basis. In order to formalise the sale of ladies intimate apparel by the Group to VDV in accordance with the Listing Rules, the Company has entered into the Master Agreement with VDV on 18 September 2005.

Messrs. Lucas Laureys and Herman Van de Velde, representatives of VDV, are non-executive Directors. VDV is a substantial shareholder of the Company, beneficially and directly interested in approximately 16.35% of the existing issued share capital of the Company as at the date of this announcement. Pursuant to Rule 14A.11 of the Listing Rules, VDV is a connected person of the Company and the continuing transactions between the Group and VDV contemplated under the Master Agreement constitute continuing connected transactions as prescribed under Rule 14A.14 of the Listing Rules, and are therefore subject to reporting, announcement, Independent Shareholders' approval and annual review requirements under Rules 14A.45 to 14A.48 and Rules 14A.37 to 14A.40 of the Listing Rules respectively.

A circular containing, among other matter, (i) the details of the Master Agreement and the VDV Transactions; (ii) the advice of the independent board committee and the Independent Shareholders; (iii) the advice of the independent financial adviser to the independent board committee and the Independent Shareholders; and (iv) notice of the SGM will be dispatched to the Shareholders as soon as practicable, in any event within 21 days as permitted under the Listing Rules.

* *for identification only*

1. DETAILS OF THE MASTER AGREEMENT

Date of the agreement: 18 September 2005

The subject: Sale of ladies intimate apparel by the Group to VDV

Parties involved: (a) the Group, as the seller; and
(b) VDV, as the purchaser

Duration of the agreement: A period from 18 September 2005 to 30 June 2008. Thereafter, subject to compliance with the applicable Listing Rules, the Master Agreement may be renewed for each and every three-year interval in the future.

Pricing policy: These sales transactions will be charged on a cost plus margin basis and on terms no less than those charged by the Group to independent third parties. The Master Agreement sets out the framework of the pricing policy, the actual pricing and terms and conditions of payment shall be determined among the parties on each purchase order basis. Such sales will be satisfied in cash within a period of 30 days.

Transactions regarding the sale of ladies intimate apparel to VDV were disclosed in an announcement of the Company dated 18 September 2002 and the circular dated 7 October 2002 and were approved by the then independent shareholders at the special general meeting of the Company held on 24 October 2002. A waiver from strict compliance with the disclosure and independent shareholders' approval requirements under the Listing Rules for the three financial years ended 30 June 2005 was then granted by the Stock Exchange to the Company in respect of the sales of ladies intimate apparel by the Group to VDV. The waiver was then granted subject to, inter alia, the aggregate amount of the VDV Transactions for each financial year of the Company did not exceed 4% of the audited consolidated turnover of the Group in that financial year.

The sales of ladies intimate apparel by the Group to VDV for the three financial years ended 30 June 2005 were approximately HK\$23.3 million, HK\$26.9 million and HK\$35.8 million respectively, representing approximately 2.1%, 2.2% and 2.4% of the Group's audited consolidated turnover in the respective financial years.

Based on (i) the historical sales figures as mentioned above, (ii) the discussion between the management of the Company and VDV with regard to the estimated annual growth of the sales, (iii) the estimated cost of production; and (iv) the prevailing and the expected market conditions, the Directors propose that the annual caps for the sales of ladies intimate apparel by the Group to VDV for the three financial years ending 30 June 2008 will be up to HK\$70 million for the year ending 30 June 2006, HK\$85 million for the year ending 2007 and HK\$100 million for the year ending 30 June 2008 respectively. The proposed increase in annual caps is based on the estimated annual growth of the sales to VDV, the valued added production procedure and a buffer. For the avoidance of doubt, these annual caps represent the maximum value of sales by the Group to VDV in each year. There is no minimum or implied value of sales in each of these years.

2. REASONS FOR THE MASTER AGREEMENT AND THE VDV TRANSACTIONS

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

VDV is a manufacturer and marketer of luxury lingerie.

For the past 23 years, the Group has been supplying ladies' intimate apparel to VDV. It is anticipated that the Group will continue the VDV Transactions on a recurring basis. Accordingly, it would be impracticable and too costly for the Group to make press announcements and/or seek Independent Shareholders' prior approval for the VDV Transactions as each of the relevant transaction arises. In order to formalise the sale of ladies intimate apparel by the Group to VDV in accordance with the Listing Rules, the Company entered into the Master Agreement with VDV on 18 September 2005.

The VDV Transactions have been and will continue to be conducted in the ordinary and usual course of business, on normal commercial terms agreed after arm's length negotiations between the Group and VDV. The Directors are of the view that the terms of the Master Agreement and the VDV Transactions contemplated therein are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3. LISTING RULES IMPLICATIONS

VDV is a substantial shareholder of the Company, beneficially and directly interested in 176,181,544 Shares or approximately 16.35% of the existing issued share capital of the Company as at the date of this announcement.

Messrs. Lucas Laureys and Herman Van de Velde, representatives of VDV, are non-executive Directors. Pursuant to Rule 14A.11 of the Listing Rules, VDV is a connected person of the Company and the continuing transactions between the Group and VDV contemplated under the Master Agreement constitute continuing connected transactions as prescribed under Rule 14A.14 of the Listing Rules, and are therefore subject to reporting, announcement, Independent Shareholders' approval and annual review requirements under Rules 14A.45 to 14A.48 and Rules 14A.37 to 14A.40 of the Listing Rules respectively.

The Company will therefore seek approval of the Master Agreement and the aforesaid annual caps by the Independent Shareholders on the following conditions:

- (a) the annual caps for the VDV Transactions contemplated under the Master Agreement for the three financial years ending 30 June 2008 will be up to HK\$70 million for the year ending 30 June 2006, HK\$85 million for the year ending 30 June 2007 and HK\$100 million for the year ending 30 June 2008 respectively;
- (b) the VDV Transactions will be entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there is no available comparison, on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the abovementioned arrangement on the terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

- (c) the independent non-executive Directors will review the VDV Transactions annually and confirm in the Company's next and successive annual reports that the VDV Transactions have been conducted in the manner as stated in paragraphs (a) and (b) above;
- (d) the auditors of the Company will review the VDV Transactions annually and confirm in a letter to the Board, a copy of which will be provided to the Stock Exchange, stating whether:
 - (i) the VDV Transactions have been approved by the Board;
 - (ii) the VDV Transactions have been entered into in accordance with the pricing policy as stated above;
 - (iii) the VDV Transactions have been entered into accordance with the terms as mentioned above; and
 - (iv) the annual caps set out in paragraph (a) above have been exceeded.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the letter referred to in paragraph (d) above, the Directors will contact the Listing Division of the Stock Exchange immediately; and

- (e) details of the VDV Transactions in each financial year will be disclosed in the annual report of the Company for that financial year together with a statement of the opinion of the independent non-executive Directors and confirmation from the auditors of the Company referred to in paragraphs (c) and (d) above.

4. SGM

Given the above, a general meeting of the Shareholders will be convened as soon as practicable to approve the Master Agreement and the annual caps of the VDV Transactions contemplated under the Master Agreement. For the convenience of the Shareholders, the Company proposes to consider and, if thought fit, to approve the Master Agreement and the annual caps of the VDV Transactions contemplated under the Master Agreement at the SGM.

In view of the interests of VDV in the Master Agreement, Messrs. Lucas Laureys and Herman Van de Velde, VDV and their associates will abstain from voting at the SGM.

5. GENERAL

An independent board committee comprising the independent non-executive Directors, namely Mr. Marvin Bienenfeld and Mr. Chow Yu Chun, Alexander, has been established to advise the Independent Shareholders in respect of the terms of the Master Agreement and the annual caps. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders.

A circular containing, among other matter, (i) the details of the Master Agreement and the VDV Transactions; (ii) the advice of the independent board committee and the Independent Shareholders; (iii) the advice of the independent financial adviser to the independent board committee and the Independent Shareholders; and (iv) notice of the SGM will be dispatched to the Shareholders as soon as practicable, in any event within 21 days as permitted under the Listing Rules.

6. DEFINITIONS

“associates”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Company”	Top Form International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than Messrs. Lucas Laureys and Herman Van de Velde, VDV and their associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Master Agreement”	the master agreement dated 18 September 2005 entered into between TFI and VDV with regard to the sale of ladies intimate apparel by the Group to VDV
“SGM”	special general meeting of the Company to be held to consider and approve the Master Agreement and the annual caps of the VDV Transactions
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VDV”	Van De Velde N. V., a company incorporated in Belgium and the securities of which are listed on the continuous segment of Euronext
“VDV Transactions”	the transactions contemplated under the Master Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Top Form International Limited
Fung Wai Yiu
Chairman

Hong Kong, 18 September 2005

As at the date hereof, the Board is comprised of 9 Directors, of which 3 are executive Directors, namely Mr. Fung Wai Yiu, Mr. Wong Chung Chong, Eddie and Mr. Leung Tat Yan, 3 are non-executive Directors, namely Mr. Lucas A.M. Laureys, Mr. Herman Van de Velde and Ms Leung Churk Yin, Jeanny, and 3 are independent non-executive Directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander and Mr. Lam Ka Chung, William.

Please also refer to the published version of this announcement in South China Morning Post.