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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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 20 August 2019, TFB, an indirect wholly-owned subsidiary of the Company, the JV Partner and the JV Company entered into the JV Agreement in relation to the formation and management of a joint venture. The JV Company is an investment holding company and will incorporate a wholly-owned subsidiary in Thailand which will principally engage in the manufacturing of Seamless Products. Upon Completion, the JV Company will be owned as to 60% by TFB and as to 40% by the JV Partner and the JV Company will become an indirect non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the JV Agreement exceed 5% and all of the percentage ratios are less than 25%, the entering into the JV Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 20 August 2019, TFB, an indirect wholly-owned subsidiary of the Company, the JV Partner and the JV Company entered into the JV Agreement in relation to the formation and management of a joint venture.

* *For identification purpose only*

THE JV AGREEMENT

The principal terms of the JV Agreement are set out below:

Date

20 August 2019

Parties

- (1) TFB, an indirect wholly-owned subsidiary of the Company;
- (2) JV Partner; and
- (3) JV Company.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Business scope of the JV Group

The JV Company is an investment holding company and will incorporate a wholly-owned subsidiary in Thailand which will principally engage in the manufacturing of Seamless Products. It is anticipated that the JV Group will commence to manufacture the Seamless Products in the first quarter of 2020.

Capital contribution

As at the date of the JV Agreement, the issued share capital of the JV Company is US\$100 for 100 ordinary shares, which is owned as to 100% by TFB. Pursuant to the JV Agreement, the total initial investment amount of the JV Company shall be US\$5,000,000 for 5,000,000 ordinary shares, of which US\$3,000,000 for 3,000,000 ordinary shares and US\$2,000,000 for US\$2,000,000 ordinary shares will be contributed by TFB and the JV Partner in cash, representing 60% and 40% of the total issued share capital of the JV Company respectively. Accordingly, upon Completion, the JV Company will be owned as to 60% by TFB and as to 40% by the JV Partner, and the JV Company will become an indirect non wholly-owned subsidiary of the Company.

The amount of capital contribution was determined after arm's length negotiations between TFB and the JV Partner on normal commercial terms with reference to the expected initial working capital, funding requirements and future business development of the JV Group.

Management of the JV Company

The board of directors of the JV Company shall comprise four directors. TFB and the JV Partner shall nominate three directors and one director respectively. The chairman of the board of directors of the JV Company shall be a director nominated by TFB.

Restrictions on share transfers

In the event that either TFB or the JV Partner proposes to transfer its shares in the JV Company, the other party shall have a right of first refusal to those shares.

Exit option

The JV Partner is granted an option, the exercise of which is conditional upon (i) TFB's prior consent; and (ii) the Company having been in compliance with the applicable requirements under the Listing Rules including, without limitation, the Company having received any necessary approvals from the Stock Exchange and/or the approval of the Shareholders, to require TFB to buy all or part of the shares in the JV Company held by the JV Partner, during the period from the third anniversary to the fifth anniversary of the date of the JV Agreement, by giving written notice to TFB (the "**Sell Notice**"), at the price equal to (a) the total investment amount paid by the JV Partner; plus (b) such amount equivalent to a yield of a simple interest of 15% per annum times the number of anniversaries from the date of the JV Agreement up to the most recent anniversary before the date of the Sell Notice; and minus (c) the total dividends paid to the JV Partner at the date of the Sell Notice.

Forthwith upon the acquisition by TFB of all of the shares in the JV Company held by the JV Partner, the JV Partner shall cause its nominated director to resign from the office of director of the JV Group (where applicable) and no compensation whatsoever shall be due or payable to such director pursuant to such resignation(s).

The option is granted at the request of the JV Partner for them to consider and exit within a specified timeframe after the JV Group has been in full operation. The grant of, and the price for, the option were determined after arm's length negotiations between TFB and the JV Partner having regard to future potential capabilities of the JV Group whilst reflecting a reasonable rate of return from the investment made by the JV Partner.

Pursuant to the JV Agreement, each of TFB and the JV Partner agreed to comply or procure its Affiliates to comply (as the case may be) with the applicable requirements under the Listing Rules in connection with the exercise of the option by the JV Partner.

Completion

Completion shall take place on the Completion Date.

INFORMATION OF THE PARTIES TO THE JV AGREEMENT

The Group is principally engaged in the design, manufacturing and distribution of ladies' intimate apparel. TFB is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

The JV Partner is an investment holding company incorporated in Hong Kong with limited liability. The JV Partner Group is principally engaged in the manufacturing of Seamless Products and has more than ten years experience.

The JV Company is an investment holding company and will incorporate a wholly-owned subsidiary in Thailand which will principally engage in the manufacturing of Seamless Products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

Over the last three years, the Group has generated steady growth in the sales of Seamless Products. With fast growing customer demand for Seamless Products, the Group strives to explore investment opportunities that could create operating synergies and enhance its earning capability and potential.

The JV Partner Group has extensive experience in seamless manufacturing business. Through the formation of the JV Company, the JV Partner will provide operational and technical support to the JV Group. The cooperation with the JV Partner presents a good opportunity to complement the technical, operational and managerial strengths of both parties. The investment by TFB in the JV Group will help the Group expand its production lines for Seamless Products, and generate more output of this kind, for marketing and sale to the customers in the market, thus enhancing the value proposition to the brand customers, and contributing to the Group’s overall business performance.

In light of the above, the Board considers that this mutual cooperation is in line with the Group’s business development and strategies and that the JV Group will make positive contribution to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the JV Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the JV Agreement exceed 5% and all of the percentage ratios are less than 25%, the entering into the JV Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Affiliate(s)” with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such person by not less than 20% of the voting securities or the composition of the broad of directors;

“associate(s)” has the same meaning as ascribed to it under the Listing Rules;

“Board”	the board of Directors of the Company;
“Company”	Top Form International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock code: 333);
“Completion”	completion of the JV Agreement pursuant to the terms and conditions thereof on the Completion Date by TFB and the JV Partner;
“Completion Date”	the date on which Completion takes place, which shall fall on a date within 90 days of the execution of the JV Agreement or such other date as may be agreed between TFB and the JV Partner;
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“JV Agreement”	the joint venture agreement entered into between TFB, the JV Partner and the JV Company on 20 August 2019 in relation to the formation and management of the JV Company;
“JV Company”	Goal Plus Investment Limited, a company incorporated in Hong Kong with limited liability which, prior to Completion, is a direct wholly-owned subsidiary of TFB and upon Completion, will be owned as to 60% by TFB and as to 40% by the JV Partner;
“JV Group”	JV Company and its subsidiary;
“JV Partner”	Hong Kong Tak Fung Holdings Limited, a company incorporated in Hong Kong with limited liability;
“JV Partner Group”	JV Partner and its affiliates;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Seamless Products”	Seamless products, including finished and semi-finished clothing which are almost free of seams, sewing or stitches that use specialized circular looms to develop garments that fit perfectly to the body;
“Share(s)”	the ordinary share(s) of HK\$0.50 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TFB”	Top Form Brassiere Mfg. Co., Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

By order of the Board
Top Form International Limited
Wong Chung Chong
Chairman

Hong Kong, 20 August 2019

As at the date of this announcement, the Board comprises Mr. Wong Chung Chong, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin as executive Directors; Mr. Fung Wai Yiu, Mr. Lucas A.M. Laureys and Mr. Herman Van de Velde as non-executive Directors; and Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy as independent non-executive Directors.