High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

2007 INTERIM RESULTS

CHAIRMAN'S STATEMENT

The net profit attributable to shareholders for the six months ended 30 June 2007 was HK$ 302.8 million. As such, the Board of Directors declared an interim dividend of 5 HK cents per share for the six months ended 30 June 2007. Because of the exceptional gain during the period, the Board of Directors declared a special dividend of 10 HK cents per share, making a total dividend of 15 HK cents per share for the first half year.

In 2007, a few exceptional and special events occurred in which strengthened our financial position. Capitalizing on the opportunities arising from Hong Kong's booming stock market, we managed to sell down part of the shares in Theme (including shares following the exercise of our right under the convertible notes of Theme held by us) for proceeds of approximately HK$304 million. At present, the Group still holds 51.13% of the interest in Theme. In view of the buoyant stock market subsequently, we launched an open offer of the shares in Theme and raised a total of HK$178 million. Subscription proceeds by minority shareholders of Theme, which totalled approximately HK$87 million, served to improve the overall financial position and enhance the competitiveness of Theme.

On 29 August 2007, the land located at Liuxia Street, Hangzhou, was auctioned satisfactorily and our share of the proceed at 412.2 million will be received. We would like to take this opportunity to thank the Hangzhou Municipal Government for its enormous support and encouragement to the Group's mission on establishing the world's first-class production base of ladies' silk apparels thus enabling us to work for the future fulfillment of our mission with confidence and inspiration. The above three items added a total of approximately HK$818 million to the Group's cash inflow.

In view of the continuing appreciation of Renminbi, the lowering of the export rebate rate, and the progressive increase in the domestic inflation pressure, we shall continue our stringent control of overall production cost, continue to take advantage of the Group's underlying strength and maintain the Group's competitive edge under such challenging environment.

With the strong economic growth of the Mainland and the positive outlook of the global apparel market, we firmly believe that our core businesses in manufacturing and brand operation, our vision being one of the world's recognised leaders in ladies apparel and the leader in the silk apparel industry and concrete financial position have established a solid platform for the continuous sustainable growth of the Group. We are committed to deliver results to our shareholders and staff members of the Group. We are confident in the continuous prosperity of the Group.

I would like to take this opportunity to express our gratitude to shareholders, customers, suppliers and my fellow Directors for their support. I would also like to thank the staff from various regions for their dedication and contribution in achieving the corporate goals.

RESULTS

The Board of Directors (the “Board”) of High Fashion International Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2007 together with the comparative figures.

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*3*	**1,308,138**	1,109,338
Cost of sales		**(940,003)**	(774,797)
Gross profit		**368,135**	334,541
Other income		**26,221**	12,731
Selling and distribution expenses		**(159,876)**	(132,462)
Increase in fair value of investment properties		**3,418**	-
Gain on partial disposal of a subsidiary		**278,353**	-
Special bonus provision in respect of partial disposal of a subsidiary		**(27,835)**	-
Administrative expenses		**(158,104)**	(146,342)
Finance costs	*4*	**(18,064)**	(17,104)
Share of results of jointly-controlled entities		**889**	232
PROFIT BEFORE TAXATION	*5*	**313,137**	51,596
Taxation	*6*	**(10,345)**	(9,408)
PROFIT FOR THE PERIOD		**302,792**	42,188
Attributable to			
Equity holders of the Company		**302,792**	42,188
Minority interests		**-**	-
		302,792	42,188
DIVIDENDS	*7*		
Interim		**16,573**	10,028
Special		**33,147**	-
		49,720	10,028
EARNINGS PER SHARE	*8*		
Basic		**90.75 cents**	12.65 cents
Diluted		**90.71 cents**	12.60 cents

Condensed Consolidated Balance Sheet

	Notes	**30 June 2007 (Unaudited) *HK$'000***	31 December 2006 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**620,012**	490,635
Prepaid lease payments		**79,767**	76,404
Investment properties		**72,470**	68,000
Intangible assets		**13,740**	14,565
Interests in associates		**-**	-
Interests in jointly-controlled entities		**18,940**	16,459
Available-for-sale investments		**675**	675
Deferred tax assets		**3,896**	3,908
		809,500	670,646
CURRENT ASSETS			
Inventories		**396,544**	406,410
Trade receivables	*9*	**337,346**	330,547
Bills receivable		**40,265**	39,960
Prepaid lease payments		**1,760**	2,203
Deposits, prepayments and other receivables		**91,981**	96,585
Tax recoverable		**32,381**	15,582
Derivatives financial instruments		**114,294**	6,513
Pledged bank deposits		**100**	100
Bank balances and cash		**399,505**	219,126
		1,414,176	1,117,026
CURRENT LIABILITIES			
Trade payables	*10*	**250,870**	249,713
Bills payable		**450**	4,026
Other payables and accruals		**229,567**	214,729
Amounts due to jointly-controlled entities		**1,600**	9,234
Amount due to an associate		**597**	600
Tax payable		**51,282**	42,597
Obligations under finance leases		**358**	406
Bank borrowings		**364,154**	400,814
Bank overdrafts		**74**	1,051
		898,952	923,170
NET CURRENT ASSETS		**515,224**	193,856
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,324,724**	864,502

NON-CURRENT LIABILITIES		
Obligations under finance leases	**72**	220
Bank borrowings	**87,694**	59,500
Deferred tax liabilities	**9,115**	8,560
Provision for long service payments	**1,230**	1,315
	98,111	69,595
	1,226,613	794,907
CAPITAL AND RESERVES		
Share capital	**33,412**	33,416
Reserves	**1,167,552**	755,472
Equity attributable to equity holders of the Company	**1,200,964**	788,888
Minority interests	**25,649**	6,019
TOTAL EQUITY	**1,226,613**	794,907

Notes to Condensed Consolidated Financial Statements

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, new Hong Kong Financial Reporting Standards (“HKFRSs”) (which also included HKASs and Interpretations) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of the new HKFRSs had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising from the recently issued Accounting Standards

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]

[1] Effective for accounting periods beginning on or after 1 January 2009.
[2] Effective for accounting periods beginning on or after 1 March 2007.
[3] Effective for accounting periods beginning on or after 1 January 2008.

3. Segment information

	Turnover Six months ended 30 June		**Profit before taxation Six months ended 30 June**	
	2007	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By principal activity:				
Manufacturing and trading	**1,159,230**	981,635	**84,189**	67,906
Retailing	**148,908**	127,703	**(4,395)**	562
	1,308,138	1,109,338	**79,794**	68,468
Gain on partial disposal of a subsidiary, net of special bonus provision in respect thereof			**250,518**	-
Finance costs			**(18,064)**	(17,104)
Share of results of jointly - controlled entities			**889**	232
			313,137	51,596
By geographical area:				
United States of America	**902,165**	684,193		
Europe	**182,885**	198,647		
Greater China	**197,010**	210,346		
Others	**26,078**	16,152		
	1,308,138	1,109,338		

4. Finance costs

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**13,724**	12,515
Interest on finance leases	**25**	19
Factoring expenses	**1,205**	1,703
Bank charges	**3,110**	2,867
	18,064	17,104

5. Profit before taxation

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The Group's profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	**33,567**	26,144
Amortisation of trademarks	**346**	345
Amortisation of prepaid lease payments	**1,282**	662

6. Taxation

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Hong Kong	**1,820**	2,419
Current tax – Other jurisdictions	**7,914**	7,140
Deferred tax	**611**	(151)
Tax charge for the period	**10,345**	9,408

The Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on certain group companies for the years of assessment from 1999/2000 onwards. As a matter of IRD's practice, the IRD has issued assessments to these group companies for the years of assessment 1999/2000 and 2000/2001 and, during the course of the tax audit, there may be a possibility that assessments for subsequent years be issued by the IRD to these group companies.

Since the tax audit is still at a fact-finding stage with different views being exchanged with the IRD, the outcome of the tax audit cannot be readily ascertained with any degree of accuracy. For Hong Kong tax provision purpose, the management has in the current period followed the same basis for making provision as adopted in prior years. In the opinion of the management, the provisions so made are adequate for the purpose mentioned above.

Up to 30 June 2007, the Group has purchased tax reserve certificate of approximately HK$32,381,000 (31 December 2006 : HK$15,582,000) for conditional standover order of objection against the notice of assessment for the years of assessment 1999/2000 and 2000/2001. Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the six months ended 30 June 2007 and 2006. Taxation arising elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The tax rates of the People's Republic of China (the "PRC") corporate income tax are ranging from 13.2% to 33%. PRC corporate income tax is calculated in accordance with the income tax law in the PRC for both periods. Certain subsidiaries operating in the PRC are entitled to a tax exemption for two years commencing from its first profit-making year followed by a 50% reduction in the PRC corporate income tax for three years.

7. Interim and special dividends

The Board declared an interim dividend of 5 HK cents per share for the six months ended 30 June 2007 (Six months ended 30 June 2006: 3 HK cents) on the shares in issue aggregating a total of HK$16,573,000 (Six months ended 30 June 2006: HK$10,028,000) and a special dividend of 10 HK cents per share for the six months ended 30 June 2007 on the shares in issue aggregating a total of HK$33,147,000.

8. Earnings per share

The calculation of basic and diluted earnings per share for the period ended 30 June 2007 together with the comparative figures for 2006 are based on the following basis:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the purpose of basic and diluted earnings per share	**302,792**	42,188
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**333,672,810**	333,483,042
Effect of dilutive potential ordinary shares assumed exercise of share options	**122,658**	1,243,641
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**333,795,468**	334,726,683

9. Trade receivables

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	30 June 2007 (Unaudited) *HK$'000*	31 December 2006 (Audited) *HK$'000*
Within 90 days	**318,230**	295,824
91 to 180 days	**14,664**	31,394
181 to 360 days	**4,187**	1,945
Over 360 days	**265**	1,384
	337,346	330,547

The Group allows an average credit period of 30 to 90 days to its trade debtors.

10. Trade payables

An aged analysis of the trade payables as at the balance sheet date is as follows:

	30 June 2007 (Unaudited) *HK$'000*	31 December 2006 (Audited) *HK$'000*
Trade payables:		
Within 90 days	**143,755**	171,589
91 to 180 days	**9,842**	6,575
181 to 360 days	**3,330**	6,559
Over 360 days	**13,642**	13,425
	170,569	198,148
Accrued purchases	**80,301**	51,565
	250,870	249,713

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Turnover for the six months ended 30 June 2007 increased to HK$1.3 billion, up 18%. Net profit attributable to shareholders for the six months ended 30 June 2007 was HK$302.8 million, compared with a reported profit of HK$42.2 million of last corresponding period. Including in the net profit for the six months ended 30 June 2007 was a net gain on partial disposal of a subsidiary of HK$250.5 million. Basic earnings per share were 90.75 HK cents. Net asset value per share was HK$3.7.

Review of Operations

The segmental information is as follows:-

	2007	2006	2007	2006
	Turnover		Operating profit	
	HK$'000	HK$'000	HK$'000	HK$'000
By principal activity:				
Manufacturing and trading	1,159,230	981,635	84,189	67,906
Retailing	148,908	127,703	(4,395)	562
	1,308,138	1,109,338	79,794	68,468
By geographical segments:				
USA	902,165	684,193	60,743	52,512
Europe	182,885	198,647	6,056	5,596
Greater China	197,010	210,346	10,113	8,670
Others	26,078	16,152	2,882	1,690
	1,308,138	1,109,338	79,794	68,468

The Group recorded healthy growth in both turnover and operating profit for our core manufacturing and trading business when compared with last corresponding period. There was no fair value change on investment properties in the first half of 2006 whereas the profit for the first half of 2007 included a fair value change on investment properties of HK$3.4 million.

Geographically, the United States continued to be the Group's major export market, accounting for 69% of turnover for 2007 as compared to 62% with last corresponding period. Our branded business, August Silk accounted for 31% (2006: 35%) of our turnover in the USA. August Silk's operation reported profit for two consecutive periods.

Sales to the European market contributed 14% (2006: 18%) of total turnover for 2007. We are now set to accelerate our business expansion in the European market with new products and intensified marketing activities.

The turnover of retailing amounted to HK$149 million, increasing by 17% when compared with 2006. The brand "CSLR" acquired last year continued to be a profit contributor. The loss on retailing was mainly from the operation of Taiwan because of political unrest and we have downsized its operation to minimize the operating loss. The retailing business recorded a net operating loss of HK$4.4 million for 2007.

Liquidity and Financial Resources

The Group's total outstanding bank borrowings were HK$452 million at the balance sheet date compared to HK$461 million as at 31 December 2006. Our gearing ratio of non-current liabilities to shareholders' funds was 8% at the balance sheet date. Current ratio has been maintained at a healthy level of 1.6.

The Group's total cash and bank balances were HK$400 million at the balance sheet date compared to HK$219 million as at 31 December 2006. Based on the comfortable cash position and the ample banking facilities available, the Group had a very strong working capital and liquidity to meet the operating needs.

The Group's receivables were mainly denominated in US dollars. Bank borrowings were denominated in US dollars, Hong Kong dollars and Renminbi. Since the Hong Kong dollar is pegged to the US dollar, the Group considers that its foreign exchange risk is minimal. Foreign exchange risks on the recent revaluation of Renminbi is managed by the Group with the use of forward contracts to hedge against the exchange fluctuation. The gain on cashflow hedge which was was credited to hedging reserve was HK$115 million at the balance sheet date. The Group had no borrowings at fixed interest rates during the period.

The Group has no material contingent liabilities. Barring the pledge of trade receivables of certain subsidiaries of HK$89 million, there were no charges on the Group's assets.

Tax Audit

The Inland Revenue Department (IRD) initiated a tax audit on certain group companies in February 2006 for the years of assessment from 1999/2000 onwards. The management is of the opinion that, in all the years, full Hong Kong tax provision were made on the Hong Kong sourced income. Since the tax audit is still at a fact-finding stage, the outcome of the tax audit cannot be readily ascertained. After consulting with professional advisers, the management is of the opinion that the existing provisions are adequate.

Post Balance Sheet Events

Theme International Holdings Limited ("Theme"), being a subsidiary of the Company raised HK$179 million before expenses by issuing the 2,988,183,199 new shares of Theme on the basis of one offer share for every two existing shares at the subscription price of HK$0.06 per offer share.

The relocation from and handover of Liuxia Street of Hangzhou City by two subsidiaries of the Company, Hangzhou Xiwu Chun Lui Silk Co Ltd. ("Chun Lui") and High Fashion (China) Co., Ltd. ("High Fashion (China)") to Hangzhou Tu Di Chu Bei Zhong Xin for sale by public auction was bidden at a consideration of RMB916 million. Chun Lui and High Fashion China are expected to receive RMB412.2 million. Subject to year-end audit by the auditors of the Company, it is estimated that the Group will book a profit of RMB271 million in this financial year.

Human Resource

The total number of employees of the Group including jointly-controlled entities as at the balance sheet date was about 12,300. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance. No share options were granted to employees during the period.

Capital Expenditure

The Group entered into construction contracts to construct the production complex and living quarters at the Xiaoshan district in Hangzhou leading to the increase in the construction in progress by HK$ 114 million in this financial period. Except for the above, there was no material capital expenditure during the period.

INTERIM AND SPECIAL DIVIDENDS

The Board declared an interim dividend of 5 HK cents per share for the six months ended 30 June 2007 (Six months ended 30 June 2006: 3 HK cents) on the shares in issue aggregating a total of HK$16,573,000 (Six months ended 30 June 2006: HK$10,028,000) and a special dividend of 10 HK cents per share for the six months ended 30 June 2007 on the shares in issue aggregating a total of HK$33,147,000, which will be payable on or about 10 October 2007 to shareholders whose names appear on the Register of Members on 28 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 24 September 2007 (Monday) to 28 September 2007 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim and special dividends, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's sub-registrar and transfer agent in Hong Kong, Tricor Secretaries Limited (formerly known as Secretaries Limited) of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 21 September 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Listing Rules throughout the accounting period for the six months ended 30 June 2007, except for the following deviation:

Under the code provision A.2.1 of the Code, the roles of chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Lam Foo Wah is the Chairman and Managing Director of the Company. The Board considers that the function of the Chairman and the Managing Director in the Company's strategic planning and development process are overlapping and it may not be for the benefit of the Company to have separate individuals occupying these two offices in the condition of the Group and its stage of development.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period, the Company repurchased a total of 1,236,000 (Six months ended 30 June 2006: Nil) ordinary shares of HK$0.10 each of the Company on The Stock Exchange of Hong Kong Limited as follows:

Month	Number of shares	Price per share Highest	Price per share Lowest	Total paid
		HK$	HK$	HK$
January 2007	580,000	1.50	1.45	869,900
February 2007	78,000	1.60	1.46	119,880
March 2007	380,000	1.70	1.62	627,700
June 2007	198,000	3.55	3.40	675,900
	1,236,000			2,293,380

The above repurchased shares were cancelled during the period except 180,000 shares were cancelled in July 2007. The premium paid on the repurchase of the shares of HK$2,169,780 (Six months ended 30 June 2006: Nil) has been charged to the share premium account and accumulated profits. An amount equivalent to the par value of the shares cancelled has been transferred from the accumulated profits of the Company to the capital redemption reserve.

The repurchase of the Company's shares during the period was effected by the directors, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

REVIEW OF ACCOUNTS

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The Audit Committee of the Company assisted by independent professional accounting firm has reviewed the accounting principles and practices adopted by the Group and in the course has discussed with the management and internal auditor the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2007.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.highfashion.com.hk).

The 2007 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises of (1) executive directors: Mr. Lam Foo Wah and Ms. So Siu Hang, Patricia; (2) non-executive director: Mr. Chan Wah Tip, Michael and Professor Yeung Kwok Wing; and (3) independent non-executive directors: Mr. Woo King Wai, Mr. Wong Shiu Hoi, Peter and Mr. Leung Hok Lim.

By Order of the Board
High Fashion International Limited
Lam Foo Wah
Chairman

Hong Kong, 6 September 2007