High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

CHAIRMAN'S STATEMENT

Our net profit attributable to shareholders for the year ended 31 December 2007 was HK$567 million. The Board of Directors recommends a final dividend of HK$0.05 per share. In view of the exceptional gains during the year, the Board of Directors further recommends a special dividend of HK$0.10 per share, making a combined final dividend of HK$0.15 per share. When taking into account of the interim dividend of HK$0.15 per share paid in October 2007, the total dividend payment for the year amounted to HK$0.30 per share. Net asset value per share is HK$5.

In 2007 our business development strategies formulated over the past years have been well placed and realization most appropriately timed. We achieved a record profit of HK$567 million; which included a partial sale of Theme shares together with the conversion of the Group's convertible notes into shares of Theme. Coupled with the successful capital raising of Theme through open offer of new shares, Theme's financial position has improved and its competitiveness strengthened. During the year, we are thankful for the Hangzhou municipal government's assistance in the sale of our interests in Liu Xia district, Hangzhou at market price through public auction. Combining our annual profit with the Group's forward exchange contracts gains, our net asset value has increased from HK$790 million at the beginning of the year to HK$1,660 million, an increase of 110%. Not only do these results significantly enhance our overall strength and competitiveness, they also afford us greater determination and confidence in achieving our mission to become the world's number one silk apparel enterprise.

In this respect, we shall increase our core competence, accelerate our product development technology and capability, leverage on our world-class dyeing and printing technology spearheaded by our team of Italian experts in China, invest in human resources development and advanced equipment.

Looking ahead, the global business environment will experience greater turbulence as a result of the challenges raised by the subprime crisis, Renminbi appreciation, high oil price, inflation and the new labour law in China. Given the acute and competitive market conditions, we shall closely monitor the position.

We shall take full advantage of our present strength, vision and our previously well planned long-term development strategy. We strongly believe that our growth is sustainable by continuing to maintain a leadership role and command a larger market share in our industry. This will enable us to make a breakthrough to a higher level that has always been our mission.

With the new financial year marking our 30th anniversary, I would like to take this opportunity to express my gratitude to the shareholders, customers, suppliers and my fellow Directors for their support. I would also like to thank our staff from various regions for their dedication and contribution in furthering our mission goal.

RESULTS

The Board of Directors (the "Board") of High Fashion International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the year ended 31 December 2006 are set out as follows: -

Consolidated Income Statement
For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
REVENUE	*3*	**2,584,443**	2,253,198
Cost of sales		**(1,868,419)**	(1,569,836)
Gross profit		**716,024**	683,362
Other income		**33,439**	52,903
Gain (loss) on disposal of property, plant and equipment and prepaid lease payments		**359,769**	(795)
Gain on partial disposal of shares in subsidiaries		**279,392**	-
Increase in fair value of investment properties		**4,450**	4,000
Administrative expenses		**(333,471)**	(309,068)
Distribution and selling expenses		**(295,676)**	(296,245)
Finance costs	*5*	**(32,168)**	(30,159)
Change in fair value of derivative financial instruments		**(17,506)**	-
Impairment loss recognised in respect of property, plant and equipment		**(1,400)**	(1,000)
Share of (loss) profit of jointly controlled entities		**(161)**	1,176
PROFIT BEFORE TAXATION		**712,692**	104,174
Income tax expense	*6*	**(157,315)**	(19,030)
PROFIT FOR THE YEAR	*7*	**555,377**	85,144
Attributable to			
Equity holders of the Company		**566,616**	85,118
Minority interests		**(11,239)**	26
		555,377	85,144
EARNINGS PER SHARE	*8*		
Basic		**HK$1.70**	HK$0.26
Diluted		**HK$1.70**	HK$0.25

Consolidated Balance Sheet
At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**733,011**	490,635
Prepaid lease payments		**76,207**	76,404
Investment properties		**85,920**	68,000
Goodwill		**23,808**	1,800
Intangible assets		**11,094**	12,765
Investments in associates		**-**	-
Investment in jointly controlled entities		**19,537**	16,459
Available-for-sale investments		**675**	675
Deferred tax assets		**6,347**	3,908
Deposit of acquisition of land use right		**17,172**	-
		973,771	670,646
CURRENT ASSETS			
Inventories		**407,756**	406,410
Trade receivables	*10*	**328,431**	330,547
Bills receivable		**59,997**	39,960
Prepaid lease payments		**1,441**	2,203
Deposits, prepayments and other receivables		**508,446**	96,585
Amounts due from jointly controlled entities		**10,014**	-
Tax recoverable		**32,382**	15,582
Derivative hedging instruments		**317,254**	6,513
Pledged bank deposits		**108**	100
Bank balances and cash		**671,676**	219,126
		2,337,505	1,117,026
CURRENT LIABILITIES			
Trade payables	*11*	**296,077**	249,713
Bills payable		**4,468**	4,026
Other payables and accruals		**176,707**	214,729
Amounts due to jointly controlled entities		**-**	9,234
Amounts due to an associate		**597**	600
Tax payable		**116,663**	42,597
Derivative financial instruments		**17,506**	-
Derivative hedging instruments		**1,400**	-
Obligations under finance leases		**337**	406
Bank borrowings		**374,167**	400,814
Bank overdrafts		**599**	1,051
		988,521	923,170
NET CURRENT ASSETS		**1,348,984**	193,856
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,322,755**	864,502

	2007	2006
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Obligations under finance leases	**231**	220
Bank borrowings	**483,000**	59,500
Deferred tax liabilities	**89,564**	8,560
Provision for long service payments	**929**	1,315
	573,724	69,595
	1,749,031	794,907
CAPITAL AND RESERVES		
Share capital	**32,881**	33,416
Share premium and reserves	**1,626,511**	755,472
Equity attributable to equity holders of the Company	**1,659,392**	788,888
Minority interests	**89,639**	6,019
TOTAL EQUITY	**1,749,031**	794,907

Notes to Consolidated Financial Statements

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions[3]
HK(IFRIC) – INT 12	Service concession arrangements[4]
HK(IFRIC) – INT 13	Customer loyalty programmes[5]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirement and their interaction[4]

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

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first accounting reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

Except for the above, the directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

Revenue represents the amount received and receivable for goods sold by the Group, net of discount and sales related tax. An analysis of the Group's revenue is as follows:

	2007	2006
	HK$'000	HK$'000
Manufacture and trading of garments	**2,276,148**	1,974,750
Retailing of garments	**308,295**	278,448
	2,584,443	2,253,198

4. Business and Geographical Segments

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions – (i) manufacture and trading of garments and (ii) retailing of garments. These divisions are the basis on which the Group reports its primary segment information.

Consolidated income statement for the year ended 31 December 2007

	Manufacture and trading of garments *HK$'000*	**Retailing of garments** *HK$'000*	**Elimina-tions** *HK$'000*	**Consoli-dated** *HK$'000*
REVENUE				
External sales	**2,276,148**	**308,295**	**-**	**2,584,443**
Inter-segment sales (note)	**-**	**8,643**	**(8,643)**	**-**
Total	**2,276,148**	**316,938**	**(8,643)**	**2,584,443**
RESULT				
Segment result	**349,802**	**53,040**		**402,842**
Unallocated other income				**33,439**
Unallocated corporate expenses				**(333,471)**
Share of profit (loss) of jointly controlled entities	**1,295**	**(1,456)**		**(161)**
Increase in fair value of investment properties				**4,450**
Gain (loss) on disposal of property, plant and equipment and prepaid lease payments	**361,172**	**(1,403)**		**359,769**
Gain on partial disposal of shares in subsidiaries				**279,392**
Impairment loss recognized in respect of property, plant and equipment				**(1,400)**
Finance costs				**(32,168)**
Profit before taxation				**712,692**
Income tax expense				**(157,315)**
Profit for the year				**555,377**

Note: Inter-segment sales are charged at agreed terms set out in the subcontracting agreement entered into between group companies.

Consolidated balance sheet as at 31 December 2007

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	**2,244,822**	**239,795**	**2,484,617**
Investment in jointly controlled entities	**18,993**	**544**	**19,537**
Unallocated corporate assets			**807,122**
Consolidated total assets			**3,311,276**
LIABILITIES			
Segment liabilities	**428,190**	**68,897**	**497,087**
Unallocated corporate liabilities			**1,065,158**
Consolidated total liabilities			**1,562,245**

Other information for the year ended 31 December 2007

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment	**295,361**	**17,674**	**313,035**
Additions to goodwill	**-**	**22,008**	**22,008**
Depreciation of property, plant and equipment	**42,698**	**11,619**	**54,317**
Gain on derivative financial instruments	**(29,662)**	**-**	**(29,662)**
Amortisation of trademarks	**687**	**1,000**	**1,687**
Allowance for bad and doubtful debts	**7,016**	**917**	**7,933**
Allowance for inventory obsolescence	**7,805**	**8,124**	**15,929**

Consolidated income statement for the year ended 31 December 2006

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE				
External sales	1,974,750	278,448	-	2,253,198
Inter-segment sales	–	8,659	(8,659)	-
Total	1,974,750	287,107	(8,659)	2,253,198
RESULT				
Segment result	315,666	71,451		387,117
Unallocated other income				52,903
Unallocated corporate expenses				(309,068)
Share of profit of jointly controlled entities	1,176	-		1,176
Increase in fair value of investment properties				4,000
Loss on disposal of property, plant and equipment and prepaid lease payments	(558)	(237)		(795)
Impairment loss recognized in respect of property, plant and equipment				(1,000)
Finance costs				(30,159)
Profit before taxation				104,174
Income tax expense				(19,030)
Profit for the year				85,144

Consolidated balance sheet as at 31 December 2006

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	1,263,060	200,762	1,463,822
Investment in jointly controlled entities	16,459	-	16,459
Unallocated corporate assets			307,391
Consolidated total assets			1,787,672
LIABILITIES			
Segment liabilities	405,377	64,406	469,783
Unallocated corporate liabilities			522,982
Consolidated total liabilities			992,765

Other information for the year ended 31 December 2006

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment	139,296	33,649	172,945
Additions to trademarks	-	10,000	10,000
Additions to goodwill	-	1,800	1,800
Depreciation of property, plant and equipment	47,121	12,530	59,651
Gain on derivative financial instruments	(8,538)	-	(8,538)
Amortisation of trademarks	687	500	1,187
Allowance (write back) for bad and doubtful debts	4,002	(152)	3,850
Allowance for inventory obsolescence	5,418	1,249	6,667

(b) Geographical segments

The Group's operations are located in the United States of America ("USA"), Europe, Greater China and other areas.

The following table provides an analysis of the Group's sale by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	2007	2006
	HK$'000	HK$'000
USA	**1,570,294**	1,364,138
Europe	**422,815**	392,703
Greater China	**522,052**	453,264
Others	**69,282**	43,093
	2,584,443	2,253,198

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, intangible assets and goodwill, analysed by geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment, intangible assets and goodwill**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
USA	**135,252**	172,409	**216**	6,105
Europe	**20,024**	16,348	**339**	3,150
Greater China	**3,152,947**	1,491,262	**316,199**	168,470
Others	**3,053**	2,929	**18,289**	7,020
	3,311,276	1,682,948	**335,043**	184,745

5. Finance Costs

	2007	2006
	HK$'000	HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**23,595**	22,092
Finance leases	**41**	37
Factoring expenses	**2,128**	3,239
Bank charges	**6,404**	4,791
	32,168	30,159

6. Income Tax Expense

	2007	2006
	HK$'000	HK$'000
Current tax charge:		
Hong Kong	**4,276**	51
Other jurisdictions	**45,716**	20,035
Under(over)provision in prior years:		
Hong Kong	**32,455**	(48)
Other jurisdictions	**(1,668)**	(410)
	80,779	19,628
Deferred taxation	**77,078**	(598)
Attributable to a change in tax rate	**(542)**	-
	157,315	19,030

The 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 estimated additional assessments to these group companies for the years of assessment 1999/2000, 2000/01 and 2001/02. During the course of the audit, there may be a possibility that estimated additional assessments for subsequent years be issued by the IRD to these group companies.

At 31 December 2007, the Group has purchased tax reserve certificate of approximately HK$32,382,000 (2006: HK$15,582,000) for conditional standover order of objection against the notices of estimated additional assessment for the year of assessments 1999/2000 and 2000/2001 and the amount is included in tax recoverable. Notices of estimated additional assessments for the year of assessment 2001/02 has just been issued and the objection against the notices will be lodged.

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Since the tax audit is still at a stage where different views are continued to be exchanged with the IRD, the outcome of the tax audit cannot be readily and accurately ascertained. In the opinion of the management, the provision which has been made up to 31 December 2007 is adequate.

7. Profit for the Year

Profit for the year has been arrived at after charging:

	2007	2006
	HK$'000	HK$'000
Depreciation and amortisation		
Owned assets	**54,024**	59,545
Leased assets	**293**	106
Amortisation of trademarks (included in selling and distribution expenses)	**1,687**	1,187
Amortisation of prepaid lease payments	**2,746**	2,206

8. Earnings Per Share

The calculation of basic and diluted earnings per share for the year ended 31 December 2007 together with the comparative figures for 2006 are based on the following data:

	2007 **HK$'000**	2006 HK$'000
Profit for the purpose of basic and diluted earnings per share attributable to equity holders of the Company	**566,616**	85,118
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**332,372,541**	333,873,165
Effect of dilutive potential ordinary shares assuming exercise of share options	**273,713**	968,067
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**332,646,254**	334,841,232

9. Final and Special Dividends

The Board recommends a final dividend of 5 HK cents (2006 : 7 HK cents) per share aggregating HK$16,441,000 (2006 : HK$23,391,000) and a special dividend of 10 HK cents (2006: Nil) per share for the year ended 31 December 2007 on the shares in issue aggregating HK$32,882,000 (2006 : Nil).

10. Trade Receivables

The credit terms granted by the Group to its customers normally range from 30 days to 90 days.

The aged analysis of the Group's trade receivables net of allowance for doubtful debts at the balance sheet date is as follows:

	2007 **HK$'000**	2006 HK$'000
Within 90 days	**310,871**	295,824
91 to 180 days	**12,109**	31,394
181 to 360 days	**4,491**	1,945
Over 360 days	**960**	1,384
	328,431	330,547

11. Trade payables

The following is an aged analysis of the trade payables at the balance sheet date:

	2007	2006
	HK$'000	HK$'000
Trade payables:		
Within 90 days	**172,309**	171,589
91 to 180 days	**5,880**	6,575
181 to 360 days	**12,341**	6,559
Over 360 days	**12,997**	13,425
	203,527	198,148
Accrued purchases	**92,550**	51,565
	296,077	249,713

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Revenue for the year ended 31 December 2007 increased by 15% to HK$2.6 billion. Net profit attributable to shareholders for the year ended 31 December 2007 was HK$567 million, compared with a reported profit of HK$85 million of last year. There were a gain on partial disposal of interests in a subsidiary and a gain on disposal of property in Liu Xia district, Hangzhou included in the current year profit. Basic earnings per share were HK$1.7. Net asset value per share was HK$5.

Review of Operations

The segmental information is as follows:-

	2007	2006	**2007**	2006
	Revenue		Contribution	
	HK$'000	HK$'000	**HK$'000**	HK$'000
By principal activity:				
Manufacturing and trading	**2,276,148**	1,974,750	**135,417**	130,131
Retailing	**308,295**	278,448	**(16,501)**	(179)
	2,584,443	2,253,198	**118,916**	129,952
By geographical segments:				
USA	**1,570,294**	1,364,138	**99,828**	100,808
Europe	**422,815**	392,703	**6,509**	2,352
Greater China	**522,052**	453,264	**4,850**	23,032
Others	**69,282**	43,093	**7,729**	3,760
	2,584,443	2,253,198	**118,916**	129,952

The Group recorded growth in both revenue and operating profit of our core manufacturing and trading business when compared with last year. The retailing business recorded an operating loss of HK$16.5 million as compared to a minimal loss in 2006.

Geographically, the United States continued to be the Group's major export market, accounting for 61% of revenue for the year of 2007. Our brand business, August Silk accounted for 32% (2006:35%) of our revenue in the USA. August Silk's operation reported profit for two consecutive years.

Sales to the European market contributed to 16% of revenue for the year of 2007, an encouraging sign of improvement in our geographical segmentation for a well balanced business portfolio. We are now set to accelerate our business expansion in the European market with new products and intensified marketing activities.

The revenue of our retail group of Theme amounted to HK$308 million, increasing by 11% when compared with the year of 2006. The retailing business recorded a net operating loss of HK$16.5 million for the year of 2007 due to over-inventory problem and poor retail result in both PRC and Taiwan.

In 2007, a few exceptional and special events occurred, 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$303 million. There was a net gain on partial disposal of Theme shares of HK$279 million. In view of the buoyant stock market, we launched an open offer of the shares in Theme and raised a total of HK$179 million, which served to improve the overall financial position and enhance the competitiveness of Theme. In November 2007, we started to increase our shareholding in Theme by acquisition of shares on the market after the open offer. Our shareholding in Theme has increased from 51.13% to 61.11% at present.

On 29 August 2007, the land located at Liuxia district, Hangzhou, was auctioned satisfactorily and our share of proceeds was RMB412 million and a net gain on surrender of land of HK$265 million was recorded.

Liquidity and Financial Resources

The Group's total outstanding bank borrowings were increased to HK$858 million at the balance sheet date compared to HK$461 million as at 31 December 2006. The increase in bank borrowing was mainly due to our hedging facilities arrangement for RMB appreciation during the year. Our gearing ratio of non-current liabilities to shareholders' funds was 35% at the balance sheet date. Current ratio has been maintained at a healthy level of 2.4.

The Group's total cash and bank balances were HK$672 million at the balance sheet date. Based on the comfortable cash position and the ample banking facilities available, the Group had a very strong working capital and liquidity to meet its operating needs.

The Group's receivables were mainly denominated in US dollar. Bank borrowings were denominated in US dollar, Hong Kong dollar and Renminbi. Since the Hong Kong dollar is pegged to the US dollar, the Group considers that its foreign exchange risk is minimal. The Group has taken conservative approach to handle foreign currency risk with adequate hedging reserve. The Group had no borrowings at fixed interest rates during the year.

The Group has no material contingent liabilities. Barring the pledge of trade receivables, bills receivables and bank deposits of certain subsidiaries of HK$63 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, adequate Hong Kong tax provisions 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.

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 year.

Capital Expenditure

The Group entered into construction contracts to construct the production complex and living quarter complex at the Xiaoshan district of Hangzhou leading to the increase in the construction in progress and buildings by HK$191 million during the year.

Except for the above, there was no material capital expenditure during the year.

FINAL AND SPECIAL DIVIDENDS

The Board recommends a final dividend of 5 HK cents (2006: 7 HK cents) per share and a special dividend of 10 HK cents (2006: Nil) for the year ended 31 December 2007 at the forthcoming annual general meeting to be held on 13 June 2008. Subject to the shareholders' approval, the final and special dividends will be payable on or about 25 June 2008 to shareholders whose names appear on the Register of Members on 13 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 10 June 2008, Tuesday to 13 June 2008, Friday, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final 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 of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 6 June 2008, Friday.

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 year ended 31 December 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.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee were duly revised in accordance with the provisions set out in the Code.

The members of the Company's Audit Committee, which comprises two non-executive directors and three independent non-executive directors have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2007.

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

During the year, the Company repurchased 6,366,000 (2006: 110,000) 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	Lowest	Aggregate consideration 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
July 2007	1,898,000	3.65	3.45	6,719,220
August 2007	578,000	3.75	3.63	2,131,940
September 2007	260,000	3.49	3.34	890,460
October 2007	2,134,000	3.42	3.10	7,166,220
November 2007	260,000	3.08	2.90	781,360
	6,366,000			19,982,580

The repurchased shares were cancelled and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the repurchase of the shares of HK$19,345,980 (2006: HK$148,500) 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 year 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 year.

PUBLICATION OF ANNUAL REPORT AND RESULTS ANNOUNCEMENT

This announcement is published on the website of the Company (www.highfashion.com.hk) and the designated issuer website of Stock Exchange (www.hkexnews.hk).

The 2007 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board of the Company comprises of (1) executive directors : Mr. Lam Foo Wah and Ms. So Siu Hang, Patricia; (2) non-executive directors: 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
Lam Foo Wah
Chairman

Hong Kong, 8th April 2008