High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

2008 INTERIM RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

The net profit attributable to shareholders for the six months ended 30 June 2008 was HK$41.6 million. The Board of Directors declared an interim dividend of HK 3 cents per share for the six months ended 30 June 2008.

The global credit crunch triggered by the US subprime mortgage crisis, the fluctuations in US dollars and Euros, the significant appreciation of RMB in the first half year, the soaring energy prices and inflation worldwide, the introduction of new labour laws and the rising labour costs in China, all contribute to the complexity and difficulty of the business environment. Noticeably, major markets around the world are weakening and a further economic slowdown is generally expected. Although it has been over a year since the onset of the US subprime mortgage crisis, the impact is so intense that it has still been felt today. We believe that the global economy, including that of China, will continue to move forward after consolidation. However, we are unable to predict when the economy as a whole will turnaround. In anticipation of the continuing unstable economic outlook, we have further strengthened our productivity and efficiency. We have further maintained close working relation with our well established international customers to weather the challenges ahead and capture any emerging business opportunities.

In 2007, the Group took the optimal timing to enhance its overall financial strengths to meet our long-term development requirements. All along, we have been adopting a proactive and prudent approach in financial management.

We analyse our future demand for various currencies based on our business development. Thanks to the support from our bankers by arranging the necessary financing facilities, our financial position has been greatly enhanced. As at the balance sheet date, the Group's bank borrowing amounted to HK$1,400 million. The Group's net bank borrowings after netting off cash and bank balances and structured deposits remained at a healthy level of about HK$300 million.

With healthy financials, solid fundamentals and operational capabilities, we will continue to take various initiatives to take the Group forward as planned. We will continue to pursue our mission as "The World No. 1 Silk Fashion Apparel Leader" to create value to satisfy customers' needs and to secure new business opportunities for future sustainable growth.

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 2008 together with the comparative figures.

Condensed Consolidated Income Statement
For the six months ended 30 June 2008

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(restated)
REVENUE		**1,412,211**	1,316,686
Cost of sales		**(1,040,580)**	(940,003)
Gross profit		**371,631**	376,683
Other income		**81,681**	17,673
Gain on partial disposal of shares in a subsidiary		**-**	250,518
Increase in fair value of investment properties		**9,320**	3,418
Administrative expenses		**(182,371)**	(158,104)
Selling and distribution expenses		**(174,755)**	(159,876)
Finance costs	*4*	**(33,313)**	(18,064)
Change in fair value of derivative financial instruments		**(16,459)**	-
Change in fair value of structured deposits		**3,593**	-
Share of (loss) profit of jointly controlled entities		**(1,294)**	889
PROFIT BEFORE TAXATION		**58,033**	313,137
Income tax expense	*5*	**(20,425)**	(10,345)
PROFIT FOR THE PERIOD	*6*	**37,608**	302,792
Attributable to			
Equity holders of the Company		**41,573**	302,792
Minority interests		**(3,965)**	-
		37,608	302,792
DIVIDENDS	*7*		
Interim		**9,723**	16,573
Special		**-**	33,147
		9,723	49,720
EARNINGS PER SHARE	*8*		
Basic		**HK12.66 cents**	HK90.75 cents
Diluted		**N/A**	HK90.71 cents

Condensed Consolidated Balance Sheet
At 30 June 2008

	Notes	**30 June 2008 (Unaudited)** *HK$'000*	31 December 2007 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**867,604**	733,011
Prepaid lease payments		**79,223**	76,207
Investment properties		**110,000**	85,920
Goodwill		**29,978**	23,808
Intangible assets		**10,248**	11,094
Investments in associates		**-**	-
Investment in jointly controlled entities		**19,438**	19,537
Available-for-sale investments		**675**	675
Loan receivable		**22,727**	-
Structured deposit		**22,727**	-
Deferred tax assets		**5,411**	6,347
Deposit for acquisition of land use right		**18,148**	17,172
		1,186,179	973,771
CURRENT ASSETS			
Inventories		**381,834**	407,756
Trade receivables	*9*	**327,344**	328,431
Bills receivable		**41,192**	59,997
Prepaid lease payments		**2,487**	1,441
Deposits, prepayments and other receivables		**556,178**	508,446
Amounts due from jointly controlled entities		**6,712**	10,014
Tax recoverable		**48,476**	32,382
Derivative hedging instruments		**277,460**	317,254
Structured deposits		**103,594**	-
Pledged bank deposits		**114**	108
Bank balances and cash		**960,185**	671,676
		2,705,576	2,337,505
CURRENT LIABILITIES			
Trade payables	*10*	**275,701**	296,077
Bills payable		**1,627**	4,468
Other payables and accruals		**172,989**	176,707
Amount due to an associate		**594**	597
Amount due to a jointly controlled entity		**1,243**	-
Tax payable		**128,261**	116,663
Derivative financial instruments		**33,965**	17,506
Derivative hedging instruments		**2,317**	1,400
Obligations under finance leases		**177**	337
Bank borrowings		**1,009,288**	374,167
Bank overdrafts		**619**	599
		1,626,781	988,521

Condensed Consolidated Balance Sheet (Cont'd)

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
NET CURRENT ASSETS	**1,078,795**	1,348,984
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,264,974**	2,322,755
NON-CURRENT LIABILITIES		
Obligations under finance leases	**177**	231
Bank borrowings	**394,600**	483,000
Deferred tax liabilities	**96,701**	89,564
Provision for long service payments	**797**	929
	492,275	573,724
	1,772,699	1,749,031
CAPITAL AND RESERVES		
Share capital	**32,658**	32,881
Share premium and reserves	**1,662,110**	1,626,511
Equity attributable to equity holders of the Company	**1,694,768**	1,659,392
Minority interests	**77,931**	89,639
TOTAL EQUITY	**1,772,699**	1,749,031

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except for the accounting policies set out below:

<u>Financial assets at fair value through profit or loss ("FVTPL")</u>

The Group designated structured deposits as financial assets at FVTPL upon initial recognition as the structured deposits contain embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest earned on the financial assets.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("New Interpretations") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2008.

HK(IFRIC) – INT 11	HKFRS 2 - Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the New Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments 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]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 13	Customer loyalty programmes[3]
HK(IFRIC) - INT 15	Agreements for the construction of real estate [1]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation [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 July 2008.
[4] Effective for accounting periods beginning on or after 1 October 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 annual 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. The directors of the Company anticipate that the application of the other new or revised standard, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. Segment information

(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.

Condensed consolidated income statement for the six months ended 30 June 2008 (unaudited)

	Manufacture and trading of garments *HK$'000*	**Retailing of garments** *HK$'000*	**Elimina-tions** *HK$'000*	**Consoli-dated** *HK$'000*
REVENUE				
External sales	**1,244,566**	**167,645**	**-**	**1,412,211**
Inter-segment sales (note)	**-**	**7,613**	**(7,613)**	**-**
Total	**1,244,566**	**175,258**	**(7,613)**	**1,412,211**
RESULT				
Segment result	**90,184**	**(9,437)**		**80,747**
Unallocated other income				**81,681**
Unallocated corporate expenses				**(66,242)**
Share of loss of jointly controlled entities	**(633)**	**(661)**	**-**	**(1,294)**
Increase in fair value of investment properties				**9,320**
Change in fair value of derivative financial instruments				**(16,459)**
Change in fair value of structured deposits				**3,593**
Finance costs				**(33,313)**
Profit before taxation				**58,033**
Income tax expense				**(20,425)**
Profit for the period				**37,608**

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

Condensed consolidated income statement for the six months ended 30 June 2007 (unaudited)

	Manufacture and trading of garments *HK$'000*	Retailing of garments *HK$'000*	Elimina-tions *HK$'000*	Consoli-dated *HK$'000*
REVENUE				
External sales	1,167,778	148,908	-	1,316,686
Inter-segment sales (note)	-	6,718	(6,718)	-
Total	1,167,778	155,626	(6,718)	1,316,686
RESULT				
Segment result	123,222	(1,201)		122,021
Unallocated other income				17,673
Unallocated corporate expenses				(63,318)
Share of profit of jointly controlled entities	889	-	-	889
Increase in fair value of investment properties				3,418
Gain on partial disposal of shares in a subsidiary				250,518
Finance costs				(18,064)
Profit before taxation				313,137
Income tax expense				(10,345)
Profit for the period				302,792

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

(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:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
USA	**872,159**	910,713
Europe	**225,632**	182,885
Greater China	**262,863**	197,010
Others	**51,557**	26,078
	1,412,211	1,316,686

4. Finance costs

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**28,749**	13,724
Finance leases	**21**	25
Factoring expenses	**1,347**	1,205
Bank charges	**3,196**	3,110
	33,313	18,064

5. Income tax expense

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax charge:		
Hong Kong	**1,394**	1,820
Other jurisdictions	**13,843**	7,914
Underprovision in prior years:		
Other jurisdictions	**3,265**	-
	18,502	9,734
Deferred taxation	**2,446**	611
Attributable to a change in tax rate	**(523)**	-
	1,923	611
	20,425	10,345

The 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 estimated additional assessments to these group companies for the years of assessment 1999/2000, 2000/2001 and 2001/2002. During the course of the tax audit, there may be a possibility that estimated additional assessments for subsequent years be issued by the IRD to these group companies.

At 30 June 2008, the Group has purchased tax reserve certificate of approximately HK$48,476,000 (31 December 2007: HK$32,382,000) for conditional standover order of objection against the notices of estimated additional assessment for the years of assessment 1999/2000, 2000/2001 and 2001/2002 and the amount is included in tax recoverable.

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. The management has in the current period followed the same basis for making provision as adopted in prior periods. In the opinion of the directors, the provisions so made are adequate for the purpose mentioned above.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30 June 2008. Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2007: 17.5%) for the six months ended 30 June 2008.

Taxation arising in other jurisdictions is recognized at the rates prevailing in the relevant jurisdictions for the six months ended 30 June 2008 and 2007.

In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", certain PRC subsidiaries of the Group are subjected to income tax rate of 26.4% (six months ended 30 June 2007: 26.4%) and are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years pursuant to the relevant laws and regulations in the PRC for both periods. The PRC enterprise income tax for these subsidiaries is calculated at 13.2% (six months ended 30 June 2007: 13.2%).

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have changed the tax rate from 33% to 25% from 1 January 2008. For those PRC subsidiaries which are subjected to income tax rate of 13.2% as mentioned above, the tax rate will change from 13.2% to 25% progressively. The remaining PRC subsidiaries are subjected to the PRC enterprise income tax rate of 25% (six months ended 30 June 2007: 33%).

6. Profit for the period

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation and amortisation		
Owned assets	**34,916**	33,426
Leased assets	**179**	141
Amortisation of trademarks (included in selling and distribution expenses)	**846**	846
Amortisation of prepaid lease payments	**1,172**	1,282
	37,113	35,695
Allowance for bad and doubtful debts (included in administrative expenses)	**8,727**	8,260
(Written back) allowance for inventory obsolescence (included in cost of sales) (Note i)	**(1,428)**	3,332
Net foreign exchange gain	**(37,261)**	(2,420)
Gain on derivative hedging instruments transferred from equity (included in revenue) (Note ii)	**(32,564)**	(6,513)
Gain on derivative hedging instruments transferred from equity (included in finance costs)	**(718)**	-
Investment income on loans and receivables – bank interest income	**(19,020)**	(2,436)
Investment income on derivative financial instruments	**(13,050)**	-

Note:

(i) Excess obsolete inventory provisions are written back when the relevant inventories are sold.

(ii) The amount was included in other income in the interim report for the six months ended 30 June 2007. Reclassification has been made in this interim report to conform with the current presentation of the condensed consolidated financial statements.

7. Dividends

The Board declared an interim dividend of HK3 cents per share for the six months ended 30 June 2008 (six months ended 30 June 2007: HK5 cents) on the shares in issue amounting to HK$9,723,000 (six months ended 30 June 2007: HK$16,573,000).

For six months ended 30 June 2007, a special dividend of HK10 cents per share declared on the shares in issue amounting to HK$33,147,000.

During the period, dividends of HK5 cents (six months ended 30 June 2007: HK7 cents) per share and HK10 cents (six months ended 30 June 2007: Nil) per share were paid to the shareholders as the final dividend and special dividend for 2007 (six months ended 30 June 2007: Nil) respectively.

8. Earnings per share

The calculation of basic and diluted earnings per share attributable to ordinary equity holders of the Company for the six months ended 30 June 2008 together with the comparative figures for 2007 are based on the following data:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the purpose of basic and diluted earnings per share attributable to equity holders of the Company	**41,573**	302,792
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**328,294,012**	333,672,810
Effect of dilutive potential ordinary shares assuming exercise of share options	**N/A**	122,658
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	333,795,468

There was no potential ordinary shares outstanding during the six months ended 30 June 2008.

9. 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:

	30 June 2008	31 December 2007
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**306,021**	310,871
91 to 180 days	**14,548**	12,109
181 to 360 days	**6,262**	4,491
Over 360 days	**513**	960
	327,344	328,431

10. Trade payables

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

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Trade payables:		
Within 90 days	**161,963**	172,309
91 to 180 days	**17,158**	5,880
181 to 360 days	**12,705**	12,341
Over 360 days	**16,166**	12,997
	207,992	203,527
Accrued purchases	**67,709**	92,550
	275,701	296,077

The average credit period on purchase of goods is 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Turnover for the six months ended 30 June 2008 increased to HK$1.4 billion, up 7%. The subprime crisis, Renminbi appreciation, inflation and the new labour law in China have a significant impact on the Group's earning, resulting in a drop in net profit attributable to shareholders for the six months ended 30 June 2008 of HK$41.6 million from HK$52.3 million (excluding a net gain on partial disposal of a subsidiary of HK$250.5 million) of last corresponding period. Basic earnings per share were 12.66 HK cents. Net asset value per share was HK$5.2.

Review of Operations

The segmental information is as follows:-

	Revenue		Contribution	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
By principal activity:				
Manufacturing and trading	1,244,566	1,167,778	114,244	84,189
Retailing	167,645	148,908	(8,738)	(4,395)
	1,412,211	1,316,686	105,506	79,794
By geographical segments:				
USA	872,159	910,713	74,376	60,743
Europe	225,632	182,885	13,567	6,056
Greater China	262,863	197,010	12,293	10,113
Others	51,557	26,078	5,270	2,882
	1,412,211	1,316,686	105,506	79,794

The Group recorded a healthy growth in both revenue and contribution for our core manufacturing and trading business when compared with last corresponding period. The profit for the first half of 2008 included a fair value gain on investment properties of HK$9.3 million (2007: HK$3.4 million).

Geographically, the United States continued to be the Group's major export market, accounting for 62% of turnover for 2008. Our branded business, August Silk accounted for 22% (2007: 21%) of the Group's turnover. August Silk's operation reported profit for two consecutive periods.

Sales to the European market contributed 16% (2007: 14%) of total turnover for 2008, an encouraging sign of improvement in our geographical segmentation for a well-balance business portfolio. We will intensify our business activities through aggressive marketing strategies to enhance our market share in Europe.

The turnover of retailing amounted to HK$168 million, increasing by 13% when compared with 2007. The loss on retailing was mainly from a fall in gross profit margin when executing stock clearance exercise. The retailing business recorded a net operating loss of HK$8.7 million for 2008 (2007: HK$4.4 million).

Liquidity and Financial Resources

The Group's total outstanding bank borrowings were increased to HK$1,404 million at the balance sheet date compared to HK$858 million as at 31 December 2007. The increase in bank borrowing was mainly due to our hedging facilities arrangement during the period. Our gearing ratio of non-current liabilities to shareholders' funds was 29% at the balance sheet date. Current ratio maintained at a healthy level of 1.7.

The Group's total cash and bank balances were HK$960 million at the balance sheet date compared to HK$672 million as at 31 December 2007. 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 trade 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. 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 period.

The Group has no material contingent liabilities. Barring the pledge of trade receivables of certain subsidiaries of HK$78 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 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.

Human Resources

The total number of employees of the Group including jointly-controlled entities as at the balance sheet date was about 12,000. 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$108 million in this financial period. Except for the above, there was no material capital expenditure during the period.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30 June 2008 (six months ended 30 June 2007: interim dividend of HK5 cents and special dividend of HK10 cents) on the shares in issue amounting to HK$9,723,000 (six months ended 30 June 2007 : interim dividend of HK$16,573,000 and special dividend of HK$33,147,000), to the shareholders whose names appear on the Register of Members on 6 October 2008. The dividend will be payable on or about 22 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 8 October 2008 to Friday, 10 October 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, 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 not later than 4:30 p.m. on Monday, 6 October 2008.

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 2008, 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 2,236,000 shares (six months ended 30 June 2007: 1,236,000 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$
April 2008	584,000	2.89	2.80	1,655,940
May 2008	860,000	2.93	2.85	2,485,260
June 2008	792,000	2.97	2.68	2,216,520
	2,236,000			6,357,720

The above repurchased shares were cancelled during the period except 130,000 shares were cancelled in July 2008. The premium paid on the repurchase of the shares of HK$6,134,120 (six months ended 30 June 2007: HK$2,169,780) 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

The Audit Committee of the Company, assisted by independent auditor, has reviewed the Group's unaudited condensed consolidated financial information and interim report for the six months ended 30 June 2008.

PUBLICATION OF INTERIM REPORT AND RESULTS ANNOUNCEMENT

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

The 2008 Interim 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 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
High Fashion International Limited
Lam Foo Wah
Chairman & Managing Director

Hong Kong, 16 September 2008