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High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

MAJOR TRANSACTION IN RELATION TO THE BUILDING CONTRACT

On 20 June 2018, Super Topping, an indirect wholly-owned subsidiary of the Company, entered into the Building Contract with the Contractor, pursuant to which the Contractor shall undertake the Building Works at the Site at the Contract Sum of HK\$194,122,400.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Building Contract exceed 25% but all such percentage ratios are less than 100%, the Building Contract constitutes a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Building Contract, a written Shareholders' approval (from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting) may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

The Closely Allied Group, holding 176,765,228 Shares in aggregate, representing approximately 57.84% of the total issued Shares and voting rights in the Company at the date of this announcement, has given its written approval for the Building Contract. Accordingly, written approval from the Closely Allied Group will be accepted in lieu of holding a general meeting of the Company for the approval of the Building Contract.

A circular containing, among other matters, further details of the Building Contract and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 12 July 2018.

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THE BUILDING CONTRACT

Date: 20 June 2018

Parties:

1. Super Topping; and
2. Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Scope of Building Works: Pursuant to the Building Contract, the Contractor shall organize, manage, plan, supervise, co-ordinate the carrying out of the Building Works, comprising the provision of all materials, labour, plants, tackle, tools, implements, supervision and other items required for the carrying out of, timely and satisfactory completion of the Building Works. The scope of the Building Works include demolition of existing fittings and fixtures, alteration and addition works to suit the new layout, fitting out works, electrical installation, installation of mechanical ventilation, air-conditioning and fire equipment, drainage works, installation of new lifts, and design, supply and installation of windows, louvres and curtain wall system.

Completion: The Contractor shall complete section one of the Building Works within 180 calendar days from and including the Commencement Date and section two of the Building Works within 390 calendar days from and including the Commencement Date.

The Contractor shall rectify all defects, shrinkages or other faults of the Building Works which are identified during the Defects Liability Period and are attributable to certain specified causes. The Architect shall issue the defects rectification certificate when the Defects Liability Period has expired, the Contractor has satisfactorily completed all uncompleted items of work and all defects required to be rectified have been satisfactorily rectified.

Consideration: The Contract Sum shall be HK\$194,122,400, subject to upward or downward adjustments specified in the Building Contract.

The purpose of certain adjustments are to reflect the amounts payable for the services or goods provided by nominated sub-contractors or nominated suppliers (as the case may be) and to reflect the valuation by a quantity surveyor on actual work done in connection with provisional sums, provisional items and provisional quantities provided in the Building Contract. The Contract Sum was arrived at after arm's length discussions and negotiations with the Contractor in respect of its tender sum. It was agreed that the tender sum shall be adjusted downwards to the Contract Sum by the offering of discounts by the Contractor and the adoption of cost-cutting proposals. The Building Contract was awarded to the Contractor after a selective tendering process and an objective evaluation by Super Topping of the experience and competency of the Contractor, the expected scope and complexity of the Building Works, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out construction works of comparable scale and complexity.

Payment terms: The Architect shall issue an interim certificate at the end of each calendar month, commencing not later than 45 days after the Commencement Date. The interim certificate shall state the amount due to the Contractor from Super Topping.

Super Topping shall pay the amount stated on each interim certificate to the Contractor, less any monies deductible by Super Topping under the Building Contract, within 30 calendar days from the date of the interim certificate.

There will be a Retention on the payment for the Contractor's work in progress, which shall be 10% of the estimated gross valuation of the work in progress as certified in an interim certificate, exclusive of certain specified amounts. However, the Retention shall not exceed 5% of the Contract Sum excluding prime cost sums for nominated sub-contractor's works plus retention funds held in respect of nominated sub-contractors. The Architect shall issue an interim certificate for the payment of one-half of the Retention within 14 days after its issue of the substantial completion certificate in respect of the Building Works. The Architect shall issue an interim certificate for payment of all remaining Retention within 14 days after the issue of the defects rectification certificate for the Building Works.

The Architect shall issue a final certificate as soon as practicable after the issue of the defects rectification certificate, stating the Contract Sum as adjusted, the sum of the amounts already stated as due in each interim certificate, and difference between the two sums

expressed as a balance. Subject to deductions authorised by the Building Contract and set-off permitted at law, the balance shall be a debt payable within 60 days after the issue of the final certificate.

The Contract Sum will be settled in cash by way of utilizing internal resources and/or bank borrowings of the Group.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the manufacturing, retailing and trading of garments, as well as property investment and development.

Super Topping is principally engaged in (among others) the provision of management services.

INFORMATION ON THE CONTRACTOR

The Contractor is principally engaged in provision of general building works and specialist building works in Hong Kong.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Building Works are consistent with the Group's strategy to own a quality portfolio of property projects and will serve as additional growth driver for the Group with continuous enhancement in long-term Shareholders' value.

In view of the foregoing, the Board considers that the terms of the Building Contract are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Building Contract exceed 25% but all such percentage ratios are less than 100%, the Building Contract constitutes a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Building Contract, a written Shareholders' approval (from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting) may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

The Closely Allied Group, holding 176,765,228 Shares in aggregate representing approximately 57.84% of the total issued Shares and voting rights in the Company at the date of this announcement, has given its written approval for the Building Contract. Accordingly, written approval from the Closely Allied Group will be accepted in lieu of holding a general meeting of the Company for the approval of the Building Contract.

The breakdown of the Closely Allied Group's direct shareholding in the Company is as follows:-

Shareholder	Number of Shares	% of the Company's issued Share capital
Mr. Lam	1,789,901	0.59%
Hinton	131,897,487	43.16%
HF Charitable Foundation	43,077,840	14.10%

The Closely Allied Group would together be regarded as "acting in concert" for the purposes of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, given that Hinton and HF Charitable Foundation are companies controlled by the related trusts of Mr. Lam. Hinton is wholly owned by the trustee of The Lam Foo Wah 1992 Trust, a discretionary trust of which Mr. Lam is the Founder. HF Charitable Foundation is wholly owned by the trustee of High Fashion Trust, a discretionary trust of which Mr. Lam is also the Founder. In addition, Mr. Lam and his sons (Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well) are directors of both Hinton and HF Charitable Foundation.

A circular containing, among other matters, further details of the Building Contract and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 12 July 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Architect"	Associated Architects Limited, the architect in connection with the Building Works
"Board"	the board of Directors
"Building Contract"	the binding contract entered into between Super Topping and the Contractor on 20 June 2018 in respect of the Building Works, constituted by the provisions contained in (amongst others) the General Conditions, the tender booklet issued by Super Topping in March 2018 (including the conditions of tender, the special conditions of contract, specifications and drawings therein), the signed form of tender and schedule of rates submitted by the Contractor, post-tender correspondence between the parties and the letter of acceptance signed by Super Topping and the Contractor
"Building Works"	the building works to be carried out pursuant to the Building Contract involving alteration and addition works at the Site

“Closely Allied Group”	collectively Mr. Lam, Hinton and HF Charitable Foundation
“Commencement Date”	the commencement date of the Building Works, which shall be the date of the Building Contract
“Company”	High Fashion International Limited (Stock Code: 608), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Contract Sum”	the total contract sum payable by Super Topping to the Contractor under the Building Contract
“Contractor”	Milestone Builder Engineering Limited, a company incorporated in Hong Kong with limited liability
“Defects Liability Period”	12 calendar months commencing from and including the date of substantial completion of the whole of the Building Works
“Directors”	the directors of the Company
“Founder”	founder as defined under Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“General Conditions”	the “Agreement and Schedule of Conditions of Building Contract for use in the Hong Kong Special Administrative Region, Private Edition (Without Quantities), First HKIS Edition 2006” together with its Appendix and Schedules, published by the Hong Kong Institute of Architects, the Hong Kong Institute of Surveyors and the Hong Kong Institute of Construction Managers
“Group”	the Company and its subsidiaries (as amended from time to time)
“HF Charitable Foundation”	High Fashion Charitable Foundation Limited, a company incorporated in the British Virgin Islands with limited liability and a Shareholder
“Hinton”	Hinton Company Limited, a company incorporated in the British Virgin Islands with limited liability and a Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Foo Wah, an executive Director and a Shareholder
“Retention”	the sum retained by Super Topping from the gross valuation of the Contractor’s work in progress in accordance with the Building Contract
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) in the Company
“Site”	the industrial building known as High Fashion Centre situated at Nos. 1-11 Kwai Hei Street, Kwai Chung, New Territories
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Topping”	Super Topping Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Transaction”	the transaction(s) contemplated under the Building Contract
“%”	per cent

By Order of the Board
High Fashion International Limited
Yau Oi Kwan Angela
Company Secretary

Hong Kong, 20 June 2018

As at the date of this announcement, the Board comprises of (1) executive directors: Mr. Lam Foo Wah, Ms. So Siu Hang, Patricia, Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well; (2) non-executive directors: Professor Yeung Kwok Wing and Mr. Hung Ka Hai, Clement; and (3) independent non-executive directors: Mr. Woo King Wai, Mr. Wong Shiu Hoi, Peter and Mr. Leung Hok Lim.