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High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025 AND APPOINTMENT OF MEMBERS OF NOMINATION COMMITTEE

CHAIRMAN'S STATEMENT

In the first half of 2025, the global economy and trade were deeply affected by the United States' aggressive tariff policies and geopolitical tensions, and the global apparel industry consequently faced severe and difficult challenges. Although we had already braced ourselves for adverse conditions, the magnitude of the disruption proved far more profound than anticipated.

Our key results for the period ended 30 June 2025 are as follows:

- Net profit attributable to shareholders at HK\$41.7 million
- Gearing ratio of non-current liabilities to shareholders' fund at 39.3%. Current ratio at 1.2
- Basic earnings per share landed at HK\$0.14
- Net asset value per share amounted to HK\$10.36
- Interim dividend per share is HK\$0.035

Nevertheless, we are under no illusions that market remains highly unstable. In the second half of the year, we will continue to combat all challenges with a high sense of crisis, prudent cashflow management and strong financial discipline. At the same time, we have undertaken deep-seated reforms, and are reinforcing the corporate culture of "staying current and adaptive" to strengthen our market position. Our Group has always been committed to promoting and leading global fashion trends as our mission. High Fashion is unwavering in our confidence and determination to capitalize on the optimal moment for our future business success and rapid development. We are actively strengthening and accelerating new market expansion, seizing growth opportunities in emerging and premium segments, and providing diversified localized solutions for our brand customers. With greater emphasis on product research and development, we will ensure rapid response to consumer needs across different regions while enhancing the Group's competitive advantages in the global fashion arena.

Innovation in sustainability and trend-setting products are the twin engines steering the future of the fashion industry. High Fashion focuses on low-carbon economy, circular fashion, and healthy lifestyles. By promoting research and development of high-performance and recyclable new materials, we create innovative fashion products that meet functional and lifestyle needs in sportswear and daily apparel categories. New product launches are underway and that will define fashion trends and solidify High Fashion's market leadership.

High Fashion values technological innovation, and the Group continues to advance artificial intelligence and digital transformation with the core goal of enhancing supply chain efficiency and quick response capabilities. Through AI and data-driven applications, we strengthen our capabilities across operations, design and innovation, enhancing the Group's overall performance and enabling us to deliver more efficient, flexible and creative solutions to customers.

While the "High Fashion International Industrial Park" business has been impacted by the domestic real estate market decline, our stringent cashflow management has maintained operational stability of the Park and created a solid foundation for future high-tech talent and resources development. Looking ahead, the Group will pursue growth and establish objectives through strategic planning and forward-thinking approach, evolving with market dynamics while preserving business agility. With prudent financial management and effective risk mitigation, we are well-positioned to advance our business development objectives with enhanced resilience and innovation.

I appreciate very much the enormous support and advice constantly received from our shareholders, customers, suppliers, banks and our fellow Directors. I would also like to thank the management team and all staff members of our Group for their dedication and contribution. Moving forward, High Fashion will continue to foster strong partnerships with all stakeholders in our shared pursuit of long-term value creation.

RESULTS

The Board of Directors (the “Board”) of High Fashion International Limited (“High Fashion” or the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 together with the comparative figures.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE			
Goods and services		1,477,516	1,577,545
Rental		30,276	65,500
TOTAL REVENUE	3	<u>1,507,792</u>	<u>1,643,045</u>
Cost of sales and services		<u>(1,219,480)</u>	<u>(1,305,062)</u>
Gross profit		288,312	337,983
Other income		8,641	12,738
Other gains and losses, net	4	33,608	2,582
Impairment losses under expected credit loss model, net of reversal		697	(373)
Administrative expenses		(145,556)	(141,389)
Selling and distribution expenses		(108,025)	(102,739)
Finance costs	5	<u>(33,468)</u>	<u>(41,454)</u>
PROFIT BEFORE TAXATION		44,209	67,348
Income tax expenses	6	<u>(2,142)</u>	<u>(14,267)</u>
PROFIT FOR THE PERIOD	7	<u>42,067</u>	<u>53,081</u>
OTHER COMPREHENSIVE INCOME (EXPENSE)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements to presentation currency		29,448	(84,138)
Revaluation of properties upon transfer from investment properties to property, plant and equipment		2,535	-
Income tax relating to items that will not be reclassified to profit or loss		(380)	-
		<u>31,603</u>	<u>(84,138)</u>
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		1,131	420
Other comprehensive income (expense) for the period, net of tax		<u>32,734</u>	<u>(83,718)</u>
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		<u><u>74,801</u></u>	<u><u>(30,637)</u></u>

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
PROFIT (LOSS) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		41,747	53,305
Non-controlling interests		<u>320</u>	<u>(224)</u>
		<u>42,067</u>	<u>53,081</u>
TOTAL COMPREHENSIVE INCOME			
(EXPENSE) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		74,481	(30,413)
Non-controlling interests		<u>320</u>	<u>(224)</u>
		<u>74,801</u>	<u>(30,637)</u>
EARNINGS PER SHARE			
Basic	8	<u>HK\$0.14</u>	<u>HK\$0.17</u>
Diluted		<u>HK\$0.14</u>	<u>HK\$0.17</u>

Unaudited Condensed Consolidated Statement of Financial Position
At 30 June 2025

	At 30 June 2025 (Unaudited) <i>HK\$'000</i>	At 31 December 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>	
NON-CURRENT ASSETS		
Property, plant and equipment	577,145	481,401
Right-of-use assets	56,575	47,978
Investment properties	3,404,796	3,401,188
Interests in joint ventures	7,557	7,557
Interests in an associate	21,946	21,624
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	5,616	5,616
Deferred tax assets	12,532	12,756
Other non-current assets	35,739	34,802
	<u>4,121,906</u>	<u>4,012,922</u>
CURRENT ASSETS		
Inventories	480,344	497,911
Properties held for sale	265,720	208,834
Trade receivables	10 621,035	647,083
Deposits, prepayments and other receivables	198,196	213,127
Amounts due from joint ventures	-	5,395
Derivative financial instruments	410	-
Other financial assets at fair value through profit or loss (“FVTPL”)	37,276	25,652
Short-term bank deposits and balances	207,198	234,480
Cash and cash equivalents	328,562	333,643
	<u>2,138,741</u>	<u>2,166,125</u>
CURRENT LIABILITIES		
Trade payables	11 684,326	675,878
Other payables and accruals	179,164	233,147
Lease liabilities	3,913	4,072
Amount due to an associate	689	691
Contract liabilities	126,770	101,054
Tax payable	51,941	53,847
Derivative financial instruments	1,602	3,749
Bank borrowings	791,165	763,863
	<u>1,839,570</u>	<u>1,836,301</u>

Unaudited Condensed Consolidated Statement of Financial Position (Cont'd)

At 30 June 2025

	At 30 June 2025 (Unaudited) <i>HK\$'000</i>	At 31 December 2024 (Audited) <i>HK\$'000</i>
NET CURRENT ASSETS	<u>299,171</u>	<u>329,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,421,077</u>	<u>4,342,746</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	335,536	335,346
Bank borrowings	831,567	836,065
Lease liabilities	10,475	1,862
Provision for long service payments	2,994	2,994
Deferred income	5,598	5,687
Other liabilities	69,048	69,734
	<u>1,255,218</u>	<u>1,251,688</u>
NET ASSETS	<u>3,165,859</u>	<u>3,091,058</u>
CAPITAL AND RESERVES		
Share capital	30,562	30,562
Share premium and reserves	3,160,304	3,085,823
Equity attributable to owners of the Company	3,190,866	3,116,385
Non-controlling interests	<u>(25,007)</u>	<u>(25,327)</u>
TOTAL EQUITY	<u>3,165,859</u>	<u>3,091,058</u>

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Revenue and Segment Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers in respect of sales of garments, fabrics and accessories recognised at a point in time under HKFRS 15	1,477,516	1,577,545
Rental income recognised under HKFRS 16	30,276	65,500
	<u>1,507,792</u>	<u>1,643,045</u>
Geographical markets for revenue from contracts with customers:		
China (including Mainland China and Hong Kong)	848,670	955,137
United States of America (“USA”)	233,556	213,707
Europe	184,066	195,125
Others	241,500	279,076
	<u>1,507,792</u>	<u>1,643,045</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in segment information:

For the six months ended 30 June 2025 (unaudited)

	Manufacturing and trading of garments	Property investment and development
	HK\$'000	HK\$'000
Segment revenue	1,477,516	30,276
Less: rental income recognised under HKFRS 16	-	(30,276)
Revenue from contracts with customers	<u>1,477,516</u>	<u>-</u>

3. Revenue and Segment Information (Cont'd)

Disaggregation of revenue from contracts with customers (Cont'd)

For the six months ended 30 June 2024 (unaudited)

	Manufacturing and trading of garments <u>HK\$'000</u>	Property investment and development <u>HK\$'000</u>
Segment revenue	1,577,545	65,500
Less: rental income recognised under HKFRS 16	<u>-</u>	<u>(65,500)</u>
Revenue from contracts with customers	<u><u>1,577,545</u></u>	<u><u>-</u></u>

Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Segment revenue		
- Manufacturing and trading of garments	1,477,516	1,577,545
- Property investment and development	30,276	65,500
Revenue – external sales	<u>1,507,792</u>	<u>1,643,045</u>
Segment results		
- Manufacturing and trading of garments	41,511	73,467
- Property investment and development	(843)	13,772
	<u>40,668</u>	<u>87,239</u>
Change in fair value of derivative financial instruments	3,641	(1,261)
Change in fair value of investment properties	28,969	3,436
Unallocated corporate overhead and other expenses	(29,069)	(22,066)
Profit before taxation	<u>44,209</u>	<u>67,348</u>

3. Revenue and Segment Information (Cont'd)

Segment information (Cont'd)

Segment profit represents the profit earned by each segment without the allocation of change in fair value of derivative financial instruments and investment properties, certain portion of the central administration costs and other expenses. This is the measure reported to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for operating segments are not provided to the CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities is presented accordingly.

4. Other Gains and Losses, Net

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Change in fair value of investment properties	28,969	3,436
Change in fair value of derivative financial instruments	3,641	(1,261)
Net foreign exchange gains	1,749	1,028
Loss on disposal of property, plant and equipment, net	(860)	(811)
Change in fair value of other financial assets at FVTPL	109	190
	<u>33,608</u>	<u>2,582</u>

5. Finance Costs

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interests on:		
Bank borrowings and overdrafts	35,752	42,242
Leases liabilities	159	191
Borrowings on discounted bills	393	735
Total borrowing costs	<u>36,304</u>	<u>43,168</u>
Less: amounts capitalized in the cost of qualifying assets	<u>(2,836)</u>	<u>(1,714)</u>
	<u>33,468</u>	<u>41,454</u>

6. Income Tax Expenses

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax charge:		
Hong Kong	2,006	5,566
Mainland China (Note)	504	12,975
	<u>2,510</u>	<u>18,541</u>
(Over) under provision in prior periods:		
Hong Kong	(96)	-
Mainland China	31	27
Other jurisdictions	17	(700)
	<u>(48)</u>	<u>(673)</u>
Deferred taxation - current period	<u>(320)</u>	<u>(3,601)</u>
	<u>2,142</u>	<u>14,267</u>

Note: Amount includes withholding tax of nil (2024: HK\$11,002,000) during the six months ended 30 June 2025.

7. Profit for the Period

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	35,033	28,528
Depreciation of right-of-use assets	3,019	2,832
Net allowance (reversal) for inventory obsolescence (included in cost of sales)	536	(10,701)
Interest income	<u>(4,462)</u>	<u>(9,769)</u>

8. Earnings Per Share

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	<u>41,747</u>	<u>53,305</u>
	Number of shares '000	Number of shares '000
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>305,616</u>	<u>305,616</u>

The computation of diluted earnings per share for the six months ended 30 June 2025 and 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.

9. Dividends

During the current interim period, no final dividend in respect of the year ended 31 December 2024 (six months ended 30 June 2024: a final dividend in respect of the year ended 31 December 2023 of HK\$0.12 per ordinary share) was declared and paid to the shareholders.

The Board declared that an interim dividend of HK\$0.035 per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$0.035 per share) will be paid to shareholders whose names appear in the register of members on 12 September 2025. This dividend was declared after the end of the reporting period, and therefore it has not been included as a liability in the condensed consolidated statement of financial position.

10. Trade Receivables

Trade receivables mainly comprise receivables from sales of garments and renting of properties. Credit terms granted to the customers for garment trading are mainly range from 30 to 90 days. Rentals are payable by tenants upon presentation of demand notes. No credit period is granted to tenants.

The aged analysis of the Group's trade receivables net of allowance for credit losses is presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

	At 30 June 2025 (Unaudited) <i>HK\$'000</i>	At 31 December 2024 (Audited) <i>HK\$'000</i>
Within 90 days	550,341	584,142
91 to 180 days	34,154	33,112
181 to 360 days	18,491	23,746
Over 360 days	18,049	6,083
	<u>621,035</u>	<u>647,083</u>

11. Trade Payables

The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2025 (Unaudited) <i>HK\$'000</i>	At 31 December 2024 (Audited) <i>HK\$'000</i>
Within 90 days	421,903	392,707
91 to 180 days	46,435	48,252
181 to 360 days	13,061	4,244
Over 360 days	11,033	12,563
	<u>492,432</u>	<u>457,766</u>
Accrued purchases	191,894	218,112
	<u>684,326</u>	<u>675,878</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, facing a complex and volatile international landscape, the global economy continued its adjustment phase. Persistent geopolitical tensions, changes in U.S. tariff policies, and accelerating supply chain restructuring have brought certain pressures to the industry. In an environment where challenges and opportunities coexist, the Group adhered to a management philosophy of steady progress and continuous innovation. Through deepening digital management and sustainable development strategies, we actively optimized our market and customer structure, further consolidating our diversified foundation in China, the United States, Europe, and Southeast Asian markets, while exploring emerging market opportunities to form a more balanced global business layout.

To enhance overall efficiency and precision, the Group continuously advanced the application of artificial intelligence technology. Through smart workshops and process automation, we significantly improved production flexibility and cost control capabilities. The deep integration of big data analytics and artificial intelligence enabled precise market trend predictions, providing solid data support for product design and market strategy formulation, driving the development of more environmentally-friendly and innovative products that meet market expectations.

In terms of sustainable development, the Group actively practised green concepts, offering customers one-stop solutions through “Innocell” fabric technology, combining innovative recycling technologies with creative design. Additionally, the Group continued to advance its research and development efforts in environmental technologies, successfully solving silk care challenges with our patented “Silkology” technology, significantly enhancing product durability. This not only demonstrates the Group’s commitment to environmental protection but also drives the transformation and upgrading of the textile industry, helping to explore new markets. Meanwhile, the Group actively collaborated with strategic partners to deepen the industrial impact of sustainable development and consolidate competitive market advantages.

The “High Fashion International Industrial Park” in Hangzhou serves as an important strategic asset for the Group. Despite the impact of the domestic real estate downturn, it has maintained stable rental income while gradually demonstrating its platform value for technology and industrial synergy. The project continues to optimize its tenant portfolio, introducing high-tech enterprises and research institutions, promoting the transformation and application of green materials and intelligent manufacturing, and forming positive complementarity with the Group’s core business.

Looking ahead, the Group will adopt prudent yet flexible strategies to maintain strategic focus and operational resilience in a rapidly changing business environment filled with uncertainties. At the same time, the Group will actively explore emerging market opportunities in Southeast Asia and other regions, building a diversified global business layout. We firmly believe that through continuous innovation investment and strategic execution, the Group will be able to seize opportunities amid transformation and achieve sustainable long-term value.

FINANCIAL REVIEW

In the first six months of 2025, High Fashion's revenue was HK\$1,507.8 million (first six months of 2024: HK\$1,643.0 million). Gross profit was HK\$288.3 million, with a gross profit margin of 19.1% (first six months of 2024: HK\$338.0 million and 20.6%). The Group continues to focus on standardized management, comprehensive cost control, and restructuring projects to enhance operational efficiency and improve production cost performance. The Group's profit for the first six months of 2025 was HK\$42.1 million (first six months of 2024: HK\$53.1 million).

Geographically, in the first six months of 2025, revenue from China was HK\$848.7 million, accounting for 56.3% of total revenue (first six months of 2024: HK\$955.1 million and 58.1%). Sales from the United States and European countries were HK\$417.6 million, accounting for 27.7% of total revenue (first six months of 2024: HK\$408.8 million and 24.9%). High Fashion's export sales to other regions, mainly Southeast Asian countries were HK\$241.5 million, accounting for 16.0% of total revenue (first six months of 2024: HK\$279.1 million and 17.0%).

Other gains for the first six months of 2025 was HK\$33.6 million (first six months of 2024: HK\$2.6 million), mainly comprising a fair value increase from investment properties of HK\$29.0 million (first six months of 2024: HK\$3.4 million).

In the first six months of 2025, administrative expenses as a percentage of total revenue were 9.7% (first six months of 2024: 8.6%), while selling and distribution expenses as a percentage of total revenue were 7.2% (first six months of 2024: 6.3%).

Finance costs decreased from HK\$41.5 million in first six months of 2024 to HK\$33.5 million in the first six months of 2025, mainly due to reduced interest on bank loans and overdrafts.

For the first six months period ended for 2025, the basic earnings per share was HK\$0.14 (first six months period ended for 2024: HK\$0.17). As of 30 June 2025, the net asset value per share was HK\$10.36 (as of 31 December 2024: HK\$10.11).

SEGMENT INFORMATION

The segment information for the six months ended 30 June 2025 is as follows:

	Revenue		Segment results	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				
Manufacturing and trading of garments	1,477,516	1,577,545	41,511	73,467
Property investment and development	30,276	65,500	(843)	13,772
	1,507,792	1,643,045	40,668	87,239
By geographical segments:				
China	848,670	955,137	21,856	61,763
USA	233,556	213,707	12,701	10,494
Europe	184,066	195,125	2,371	7,958
Others	241,500	279,076	3,740	7,024
	1,507,792	1,643,045	40,668	87,239

Manufacturing and trading of garments

Revenue from manufacturing and trading of garments business for the first six months of 2025 was HK\$1,478 million (first six months of 2024: HK\$1,578 million). Profit in the first six months of 2025 was HK\$41.5 million (first six months of 2024: HK\$73.5 million).

The Group has systematically incorporated sustainability practices into its comprehensive product development and manufacturing framework, earning widespread market recognition from both domestic and international customers. The business continues to optimize operational performance through enhanced process efficiency and digital transformation, building a customer-centric integrated value system, thereby improving overall customer satisfaction and value creation.

Property investment and development

Revenue from property investment and development business for the first six months of 2025 was HK\$30.3 million (first six months of 2024: HK\$65.5 million).

With the second phase of “High Fashion International Industrial Park” in Hangzhou now completed, the Group continues to optimize the portfolio of resident enterprises, attracting diverse high-quality talent and capital to create an innovation ecosystem that promotes collaborative research and technological development. This strategic platform strengthens our supply chain capabilities through industry synergies while generating stable rental income that delivers sustainable returns to support the Group’s long-term growth.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

Climate change has become a severe challenge faced collectively by countries worldwide, exerting profound impacts on environmental ecology and social development. As a leading enterprise in the industry, the Group has deeply integrated sustainable development concepts into our core business strategy. We actively establish strategic alliances with global fashion brands to jointly advance the industry's green transformation and construct sustainable fashion circular models. Through innovative recycling technologies and the development of high value-added products, we not only reinforce our commitment to environmental protection but also explore emerging markets, aligning closely with national strategies for green and low-carbon development, and responding to climate issues with concrete actions.

In the field of green product development, the Group fully embraces principles of sustainable development, driving the textile and garment industry toward a low-carbon circular economy. Our INNOCELL® T2T product series provides the industry with a comprehensive fashion circular solution. Through deep collaboration with strategic partners, the pilot production line for T2T waste textile recycling has officially commenced operation, successfully applying innovative technology and design to transform discarded textile materials into new high-value products, marking a new milestone in the industry's sustainable development. In addition, the Group has aligned international trends and regulatory requirements with long-term business development goals to establish six-year sustainability targets. These targets span multiple dimensions, including green energy, diversity and inclusion, workplace safety, community integration, and social contribution, with the aim of generating positive impacts on both society and the environment. To support the implementation of these targets, the Group has developed specific action plans, including the installation of heat recovery systems, energy storage facilities, and the expansion of solar power generation systems to enhance overall energy efficiency.

Guided by our core value of "Put the Needs of Others Before Your Own" and driven by the goal of bringing joy to people, the Group is committed to supporting employee growth and development while fostering a harmonious, inclusive, and respectful workplace. The Group has established internal management policies across several key areas to ensure fair and transparent practices and continues to implement various initiatives that promote balanced and healthy lifestyles. Meanwhile, the Group emphasizes creating an atmosphere of continuous learning and professional growth, actively promoting training and knowledge sharing, encouraging employees to realize their potential, and strengthening teamwork to enhance overall organizational effectiveness and cohesion.

The Group upholds principle of integrity with zero tolerance for any corruption and fraudulent behavior. To strengthen a culture of integrity, the Group regularly provides anti-corruption training to new employees and board members and continuously enhances the "Code of Conduct on Integrity" and related systems. Integrity management covers both internal and external dimensions, including a conflict-of-interest declaration mechanism and the active promotion of anti-corruption principles to suppliers, extending integrity values across the supply chain. In addition, the Group has established transparent and compliant internal reporting channels to safeguard employees in raising concerns over misconduct. With respect to customer privacy protection, the Group strictly complies with relevant regulations, establishes comprehensive confidential information management systems, and regularly provides professional training to employees to ensure information security and compliance.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, High Fashion's total amount of cash and cash equivalent, short-term deposit and other financial assets at fair value through profit and loss was HK\$573.0 million (as at 31 December 2024: HK\$593.8 million).

Bank borrowings, mainly denominated in Hong Kong Dollar, have changed from HK\$1,600 million as at 31 December 2024 to HK\$1,623 million as at 30 June 2025. The bank borrowings were mainly used for various property construction and development projects, as well as fixed asset investments for developing and upgrading production facilities in mainland China.

The gearing ratio of non-current liabilities to shareholders' funds was 39.3% as at 30 June 2025 (as at 31 December 2024: 40.2%). Current ratio is 1.2 (as at 31 December 2024: 1.2), demonstrating the Group's solid capital foundation.

Net cash generated from operating activities for the first six months of 2025 was approximately HK\$69.1 million. High Fashion enjoys ample credit facilities from its partner banks, along with stable income generated from its owned properties. Management has strong confidence in the Group's ability to maintain healthy working capital and liquidity levels, sufficient to meet operational needs and drive future development.

FOREIGN CURRENCY RISK EXPOSURE

Foreign currency risk exposure is primarily related to RMB and USD since a considerable portion of our operating expenses are denominated in RMB while sales are mainly denominated in USD. The Group complies with the policy to monitor foreign currency exchange risk. As HKD is pegged to the USD, the Group considers that its foreign currency risk in respect of USD is minimal. The management will continue to take prudent measures to reduce risks.

CHARGES ON ASSETS

The Group pledged property, plant and equipment of HK\$31.6 million, investment properties of HK\$2,195.2 million and certain deposits of HK\$122.1 million (as at 31 December 2024: property, plant and equipment of HK\$33.1 million, investment properties of HK\$1,867.7 million, unlisted financial products of HK\$10.8 million and certain deposits of HK\$152.7 million) as security for bank borrowings.

CAPITAL EXPENDITURE

In the first six months of 2025, High Fashion invested in enhancing manufacturing capabilities and environmental infrastructure. These strategic investments covered automation and intelligent manufacturing systems, sustainable development equipment, digital transformation, and plant and equipment upgrades, totaling HK\$34.2 million (first six months of 2024: HK\$47.7 million). During the reporting period, the Company also invested HK\$40.3 million (first six months of 2024: HK\$36.8 million) in property development and construction projects. These investments align with our commitment to sustainable manufacturing and digital transformation, effectively enhancing operational efficiency and market competitive advantages.

CAPITAL COMMITMENTS

As of 30 June 2025, High Fashion's capital expenditure commitments amounted to HK\$261.4 million (As of 31 December 2024: HK\$394.4 million), relating to contracted but undelivered property, plant and equipment acquisitions and construction activities.

CONTINGENT LIABILITIES

As of 30 June 2025, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2025, the Group had approximately 5,000 employees (as at 31 December 2024: approximately 5,000). Management prioritizes employee development through robust training initiatives, providing both in-person and digital learning platforms to enhance staff capabilities and knowledge. The Group maintains a comprehensive performance evaluation framework that considers individual performance, professional qualifications, and industry standards. Our competitive remuneration strategy encompasses medical subsidies and retirement contributions, complemented by performance-based discretionary bonuses that recognize both corporate success and individual excellence.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.035 per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$0.035 per share) on the shares in issue amounting to approximately HK\$10,697,000 (six months ended 30 June 2024: HK\$10,697,000), to the shareholders whose names appear on the Register of Members on Friday, 12 September 2025. The dividend will be payable on Friday, 3 October 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 11 September 2025 to Friday, 12 September 2025, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 10 September 2025.

CORPORATE GOVERNANCE

The Company has applied the principles of, and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period for the six months ended 30 June 2025.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated financial information and the interim report of the Company for the six months ended 30 June 2025 (the "2025 Interim Report").

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

During the six months ended 30 June 2025, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The 2025 Interim Report will be published and despatched to the shareholders of the Company and available on the above websites by no later than Tuesday, 30 September 2025.

APPOINTMENT OF MEMBERS OF NOMINATION COMMITTEE

The Board is pleased to announce that Ms. Leung Wing Man, Mabel and Mr. Wong Chun Sek, Edmund, the non-executive director and independent non-executive director of the Company respectively, have been appointed as members of the Nomination Committee of the Company, with effect from 26 August 2025.

By Order of the Board
High Fashion International Limited
Lam Gee Yu, Will
Executive Director & Managing Director

Hong Kong, 26 August 2025

As at the date of this announcement, the Board comprises of (1) Executive Directors: Mr. Lam Foo Wah, Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well; (2) Non-executive Director: Ms. Leung Wing Man, Mabel; and (3) Independent Non-executive Directors: Mr. Chung Kwok Pan, Mr. Tong Hee Keung, Samuel, Mr. Lau Yip Shing and Mr. Wong Chun Sek, Edmund.