# High Fashion International Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 608)**

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

### CHAIRMAN'S STATEMENT

For the year 2014, the Group has weathered a very challenging and complex global economic environment with increasingly intensified competition in our fashion apparel industry. Thanks again to our adaptation over the years of proactive efforts in the areas of structural optimization, operational transformation and product innovation with market and customer-oriented strategies in mind, we are pleased to deliver another year of solid financial results and robust underlying performance parameters.

- Revenue for the year increased by 2% from HK$2,806.66 million to HK$2,864.79 million
- Gross profit margin lifted up from 22.7% to 24.9%.
- Operating cost ratio (selling, distribution & administrative expenses as a % of sales) improved from 23.2% to 21.5%
- Net profit for the year decreased from HK$194.48 million to HK$101.47 million
- Net cash position at HK$87.61 million
- Basic earnings per share landed at HK$0.34
- Net asset value per share amounted to HK$8.22
- Proposed final dividend per share is HK$0.05 and the total dividend for the year will be HK$0.10 per share

Notwithstanding the mixed macro economic performance worldwide with shrinking sales and margin in our industry alongside with the sluggish consumer spending especially in China, we have once again demonstrated our successful strategic differentiation in expansion into market segment of growing new fashion trend as well as customer trade up in our key export markets of USA and Europe. While reported net profit was affected by RMB depreciation and smaller increase in fair value of investment properties compared with last year, our strong underlying operating performance with improvement achieved in both sales, gross margin profitability and operating cost efficiency reinforced our belief in wide acceptance of our innovative lifestyle product enrichment in the market. We will continue to leverage our proven development strength through continuous technology investment, anchoring our market leadership role in the silk industry.

The Group's visionary investment into smart technologies and innovation over the years is undoubtedly aligned with China Government's latest strategic direction of transforming the nation from a manufacturer of quantity to one of quality. With consistent efforts driving progressive advancement towards achieving the "Industry 4.0" landmark, we have full confidence in bringing the Group to continued success.

We will continue to ride on the identified opportunity of product innovation emerged from the "New Normal" stage of economic development. It will not only allow us to build on our core competence to maintain our leadership position in our key export markets, but what more important is to capture and master our retail dynamics in the Greater China consumer market through our restructured e-commerce of silk heritage multi brand, multi platform distribution channels. It is evidenced in the growing number of affluent customers enjoying the online and offline shopping convenience whilst we can maximize our cross selling potential at reduced cost. This will become part of our omni channel investment strategic direction that we believe it will be a great stepping stone for sustainable growth in future.

Looking ahead, we are confident of the China government's commitment to a new normal state of sustainable economic growth through the dynamics of the "Silk Road Economic Belt". As the World No.1 silk enterprise dedicated to develop quality and innovative silk products, the Group is well-positioned to ride on the huge business opportunities that come along with the development of the Silk Road Economic Belt and make our silk products to become an integral part of the Chinese culture in respect of both gifting as well as being recognized as lifestyle consumables and durables products. The Group is also well positioned with specific development projects to exploit the potential behind our silk heritage brands and established infrastructure and technologies which would deliver promising long term prospects for the Group.

I am greatly appreciative of the enormous support and advices we constantly receive from our shareholders, banks, customers, suppliers 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.

## 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 2014 together with the comparative figures for the year ended 31 December 2013 are set out as follows: -

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**
*For the year ended 31 December 2014*

| | *Notes* | **2014** **HK$'000** | 2013 *HK$'000* |
|---|---|---|---|
| REVENUE | *3,4* | **2,864,787** | 2,806,661 |
| Cost of sales | | **(2,152,159)** | (2,170,202) |
| Gross profit | | **712,628** | 636,459 |
| Other income | | **124,726** | 121,327 |
| Other gains and losses | *5* | **(18,770)** | 192,354 |
| Administrative expenses | | **(384,552)** | (346,897) |
| Selling and distribution expenses | | **(232,636)** | (302,889) |
| Finance costs | *6* | **(68,838)** | (62,643) |
| Share of (losses) profits of joint ventures | | **(9,317)** | 50 |
| PROFIT BEFORE TAXATION | | **123,241** | 237,761 |
| Income tax expenses | *7* | **(30,900)** | (44,937) |
| PROFIT FOR THE YEAR | *8* | **92,341** | 192,824 |
| OTHER COMPREHENSIVE (EXPENSE) INCOME | *9* | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange differences arising on translation to presentation currency | | **(66,283)** | 90,168 |
| Exchange differences arising on translation of joint ventures | | **(641)** | 667 |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | **(98)** | 752 |
| Fair value (loss) gain on hedging instruments under cash flow hedges | | **(92,969)** | 181,699 |
| Reclassified to profit and loss on realisation of cash flow hedges | | **(66,551)** | (28,695) |
| Income tax relating to items that may be reclassified subsequently | | **26,355** | (25,452) |
| Other comprehensive (expense) income for the year, net of tax | | **(200,187)** | 219,139 |
| TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR | | **(107,846)** | 411,963 |

| | Note | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the Company | | **101,468** | 194,483 |
| Non-controlling interests | | **(9,127)** | (1,659) |
| | | **92,341** | 192,824 |
| TOTAL COMPREHENSIVE (EXPENSE) INCOME ATTRIBUTABLE TO: | | | |
| Owners of the Company | | **(98,926)** | 413,619 |
| Non-controlling interests | | **(8,920)** | (1,656) |
| | | **(107,846)** | 411,963 |
| EARNINGS PER SHARE | *11* | | |
| Basic | | **HK$0.34** | HK$0.65 |

## Consolidated Statement of Financial Position
*At 31 December 2014*

| | Notes | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **803,683** | 840,607 |
| Prepaid lease payments | | **126,086** | 131,776 |
| Investment properties | | **1,021,482** | 959,403 |
| Investments in joint ventures | *16* | **21,915** | 20,260 |
| Available-for-sale investments, at cost | | **675** | 675 |
| Deposit placed and prepayment of premium for a life insurance | | **26,589** | 26,723 |
| Derivative financial instruments | | **347** | 67,288 |
| Deferred tax assets | | **35,335** | 39,728 |
| | | **2,036,112** | 2,086,460 |
| CURRENT ASSETS | | | |
| Inventories | | **498,700** | 537,422 |
| Trade receivables | *12* | **378,467** | 426,178 |
| Bills receivable | *13* | **27,546** | 41,855 |
| Prepaid lease payments | | **3,197** | 3,473 |
| Deposits, prepayments and other receivables | | **200,230** | 115,840 |
| Amounts due from joint ventures | | **120,408** | 945 |
| Tax recoverable | | **134,847** | 121,854 |
| Derivative financial instruments | | **24,847** | 88,364 |
| Structured deposits | *15* | **1,164,792** | 1,442,333 |
| Short-term deposits | | **555,038** | 270,186 |
| Bank balances and cash | | **562,739** | 986,583 |
| | | **3,670,811** | 4,035,033 |
| CURRENT LIABILITIES | | | |
| Trade payables | *14* | **322,509** | 356,020 |
| Bills payable | *14* | **-** | 343 |
| Other payables and accruals | | **206,676** | 215,863 |
| Amounts due to joint ventures | | **39,056** | - |
| Amount due to an associate | | **589** | 589 |
| Tax payable | | **168,853** | 173,963 |
| Derivative financial instruments | | **40,632** | 2,494 |
| Obligations under finance leases | | **128** | 86 |
| Bank borrowings | | **2,194,906** | 2,417,710 |
| Bank overdraft | | **49** | - |
| | | **2,973,398** | 3,167,068 |
| NET CURRENT ASSETS | | **697,413** | 867,965 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **2,733,525** | 2,954,425 |

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| NON-CURRENT LIABILITIES | | |
| Obligations under finance leases | **55** | 78 |
| Bank borrowings | **-** | 117,999 |
| Deferred tax liabilities | **167,808** | 181,998 |
| Derivative financial instruments | **50,828** | 5,750 |
| Provision for long service payments | **3,303** | 3,431 |
| | **221,994** | 309,256 |
| NET ASSETS | **2,511,531** | 2,645,169 |
| CAPITAL AND RESERVES | | |
| Share capital | **30,562** | 29,721 |
| Share premium and reserves | **2,482,619** | 2,616,623 |
| Equity attributable to owners of the Company | **2,513,181** | 2,646,344 |
| Non-controlling interests | **(1,650)** | (1,175) |
| TOTAL EQUITY | **2,511,531** | 2,645,169 |

**Notes to the 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 and by the Hong Kong Companies Ordinance.

**2. Application of New and Revised HKFRSs**

Amendments to HKFRSs and the new interpretation that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and a new interpretation issued by the HKICPA for the first time in the current year:

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment entities |
| Amendments to HKAS 32 | Offsetting financial assets and financial liabilities |
| Amendments to HKAS 36 | Recoverable amount disclosures for non-financial assets |
| Amendments to HKAS 39 | Novation of derivatives and continuation of hedge accounting |
| HK(IFRIC) - INT 21 | Levies |

The application of the above amendments to HKFRSs and new interpretation in current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010-2012 cycle [3] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011-2013 cycle [1] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012-2014 cycle [4] |
| HKFRS 9 | Financial instruments [2] |
| HKFRS 15 | Revenue from contracts with customers [5] |
| Amendments to HKAS 1 | Disclosure initiative [4] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of and amortisation [4] |
| Amendments to HKAS 16 And HKAS 41 | Agriculture: Bearer plants [4] |
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions [1] |
| Amendments to HKAS 27 | Equity method in separate financial statements [4] |
| Amendments to HKFRS 10 And HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture [4] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception [4] |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations [4] |

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 January 2017.

*HKFRS 9 Financial instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's available-for-sale investments. Specifically, HKFRS 9 requires available-for-sale equity investments be measured at fair values with changes in fair value being accounted for either in the profit or loss or other comprehensive income. The application of HKFRS 9 may also result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised costs. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

*HKFRS 15 Revenue from contracts with customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements 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:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Manufacture and trading of garments | **2,497,293** | 2,286,551 |
| Brand business | **367,494** | 520,110 |
| | **2,864,787** | 2,806,661 |

## 4. Segment Information

Information reported to the chief operating decision maker, the Group's executive directors, for the purposes of resources allocation and performance assessment, is analysed based on the types of goods sold, including (i) manufacture and trading of garments and (ii) brand business, representing sales of branded garments developed by the Group, including the results of High Fashion New Media Corporation Limited and its subsidiaries ("the New Media Group").

The Group's operating and reporting segments are (i) manufacture and trading of garments and (ii) brand business.

Segment revenues and results

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

*For the year ended 31 December 2014*

| | **Manufacture and trading of garments** | **Brand business** | **Segment total** | **Elimina-tions** | **Consoli-dated** |
|---|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| REVENUE | | | | | |
| External sales | **2,497,293** | **367,494** | **2,864,787** | **-** | **2,864,787** |
| Inter-segment sales (Note) | **122,956** | **-** | **122,956** | **(122,956)** | **-** |
| Segment revenue | **2,620,249** | **367,494** | **2,987,743** | **(122,956)** | **2,864,787** |
| RESULTS | | | | | |
| Segment profit (loss) | **244,447** | **(49,350)** | **195,097** | **(3,018)** | **192,079** |
| Finance costs | | | | | **(68,838)** |
| Profit before taxation | | | | | **123,241** |

*For the year ended 31 December 2013*

| | Manufacture and trading of garments *HK$'000* | Brand business *HK$'000* | Segment total *HK$'000* | Elimina-tions *HK$'000* | Consoli-dated *HK$'000* |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| External sales | 2,286,551 | 520,110 | 2,806,661 | - | 2,806,661 |
| Inter-segment sales (Note) | 179,498 | - | 179,498 | (179,498) | - |
| Segment revenue | 2,466,049 | 520,110 | 2,986,159 | (179,498) | 2,806,661 |
| RESULTS | | | | | |
| Segment profit (loss) | 333,436 | (26,669) | 306,767 | (6,363) | 300,404 |
| Finance costs | | | | | (62,643) |
| Profit before taxation | | | | | 237,761 |

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of finance costs. This is the measure reported to the Company's executive directors for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for operating segments are not provided to the Company's executive directors for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Other segment information

*For the year ended 31 December 2014*

| | **Manufacture and trading of garments** ***HK$'000*** | **Brand business** ***HK$'000*** | **Consolidated** ***HK$'000*** |
|---|---|---|---|
| Amounts included in the measure of segment profit or loss: | | | |
| Depreciation of property, plant and equipment | **67,356** | **5,995** | **73,351** |
| Amortisation of prepaid lease payments | **3,422** | **-** | **3,422** |
| Net reversal of allowance for bad and doubtful debts | **1,341** | **349** | **1,690** |
| Net (allowance for) reversal of allowance for inventory obsolescence (Note) | **(2,258)** | **9,684** | **7,426** |
| Impairment loss in respect of amounts due from joint ventures | **13,451** | **-** | **13,451** |
| Fair value loss of derivative financial instruments | **50,162** | **-** | **50,162** |
| Increase in fair value of investment properties | **56,751** | **-** | **56,751** |
| Loss (gain) on disposal of property, plant and equipment | **541** | **(1)** | **540** |
| Share of losses of joint ventures | **879** | **8,438** | **9,317** |

*For the year ended 31 December 2013*

| | Manufacture and trading of garments *HK$'000* | Brand business *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|
| Amounts included in the measure of segment profit or loss: | | | |
| Depreciation of property, plant and equipment | 74,079 | 8,164 | 82,243 |
| Amortisation of prepaid lease payments | 3,444 | - | 3,444 |
| Net allowance for (reversal of allowance for) bad and doubtful debts | 3,965 | (212) | 3,753 |
| Net reversal of allowance for (allowance for) inventory obsolescence (Note) | 10,629 | (6,403) | 4,226 |
| Impairment loss in respect of amount due from a joint venture | 571 | - | 571 |
| Net impairment loss in respect of property, plant and equipment | 460 | - | 460 |
| Impairment loss in respect of deposits, prepayments and other receivables | - | 1,589 | 1,589 |
| Fair value gain of derivative financial instruments | 18,489 | - | 18,489 |
| Increase (decrease) in fair value of investment properties | 158,458 | (13) | 158,445 |
| Gain (loss) on disposal of property, plant and equipment | 1,386 | (1,013) | 373 |
| Share of profits of joint ventures | 50 | - | 50 |

Note : Allowance for obsolete inventory was written back when the relevant inventory was sold.

Geographical information

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

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

| | **Revenue** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| USA | **1,255,466** | 1,278,555 | **671** | 797 |
| Europe | **568,764** | 510,480 | **1,698** | 722 |
| Greater China | **747,532** | 781,667 | **1,940,405** | 1,930,237 |
| Others | **293,025** | 235,959 | **8,477** | 30 |
| | **2,864,787** | 2,806,661 | **1,951,251** | 1,931,786 |

Note : Non-current assets excluded investments in joint ventures, available-for-sale investments, deferred tax assets, deposit placed and prepayment of premium for a life insurance and derivative financial instruments.

Information about major customer

During the year ended 31 December 2014, there was a customer from manufacture and trading of garments segment contributes over 10% of the total revenue of the Group whose revenue is approximately HK$353 million (2013: HK$283 million).

## 5. Other Gains and Losses

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Loss) gain on disposal of property, plant and equipment | **(540)** | 373 |
| Net reversal of allowance for (allowance for) bad and doubtful debts | **1,690** | (3,753) |
| Change in fair value of derivative financial instruments | **(50,162)** | 18,489 |
| Net foreign exchange (loss) gain | **(13,058)** | 21,420 |
| Increase in fair value of investment properties | **56,751** | 158,445 |
| Impairment losses recognised | | |
| - property, plant and equipment, net | **-** | (460) |
| - amounts due from joint ventures | **(13,451)** | (571) |
| - deposits, prepayments and other receivables | **-** | (1,589) |
| | **(18,770)** | 192,354 |

## 6. Finance Costs

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interests on: | | |
| Bank borrowings and overdrafts wholly repayable within five years (Note) | **62,058** | 56,044 |
| Finance leases | **21** | 24 |
| Bank charges | **6,759** | 6,575 |
| | **68,838** | 62,643 |

Note : Included loss on realisation of cash flow hedges reclassified from other comprehensive income of HK$2,609,000 (2013: HK$1,414,000).

## 7. Income Tax Expenses

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax charge : | | |
| Hong Kong | **4,994** | 8,300 |
| The People's Republic of China ("PRC") | **6,474** | 13,404 |
| Other jurisdictions | **115** | 167 |
| | **11,583** | 21,871 |
| Under(over)provision in prior years: | | |
| Hong Kong | **543** | (6,111) |
| PRC | **1,770** | 6,488 |
| Other jurisdictions | **(40)** | 303 |
| | **2,273** | 680 |
| Deferred taxation | | |
| Current year | **28,455** | 27,190 |
| Reclassified from other comprehensive income | **(11,411)** | (4,804) |
| | **17,044** | 22,386 |
| | **30,900** | 44,937 |

The Hong Kong Inland Revenue Department ("IRD") has initiated a tax audit on certain group companies from the year of assessment 1999/2000 onwards. As a matter of IRD's practice, the IRD has issued estimated/additional assessments ("Assessments") demanding for tax to the relevant group companies for the years of assessment 1999/2000 to 2007/2008. 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.

Up to 31 December 2014, the Group has purchased tax reserve certificates of approximately HK$134,094,000 (2013: HK$121,101,000) for conditional standover order of objection against the Assessments for the years of assessment 1999/2000 to 2007/2008 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 reasonable accuracy. Management has in the current year followed the same basis for making provision as adopted in prior years. In the opinion of the directors, the provisions so made are adequate for the purpose mentioned above.

Other than the tax audit, one of the companies of the Group has also purchased a tax reserve certificates of approximately HK$753,000 (2013: HK$753,000) for conditional standover order of objection against the Assessment for the year of assessment 2006/2007 and the amount is included in tax recoverable.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for High Fashion Silk (Zhejiang) Co., Ltd. and High Fashion (China) Co., Ltd. which had been recognised as advanced technology enterprises by the PRC tax Bureau in 2012 and 2014, respectively. They are subject to an income tax rate of 15% for three years starting from the year being recognised as advanced technology enterprises.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. Profit for the Year

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Costs of inventories recognised as expenses (included in cost of sales) (Note i) | **2,159,585** | 2,174,428 |
| Depreciation and amortisation | | |
| Owned assets | **73,264** | 82,126 |
| Leased assets | **87** | 117 |
| Amortisation of prepaid lease payments | **3,422** | 3,444 |
| Net reversal of allowance for inventory obsolescence (included in cost of sales) (Note ii) | **(7,426)** | (4,226) |
| Realisation of cash flow hedges reclassified from other comprehensive income | **(69,160)** | (30,109) |
| Realisation of cash flow hedges reclassified from other comprehensive income (included in finance costs) | **2,609** | 1,414 |
| Interest income earned on loans and receivables (included in other income) | | |
| - bank interest income | **(39,807)** | (32,440) |
| - interest income on other receivables | **(825)** | (4,597) |
| Interest income earned on financial assets at fair value through profit and loss ("FVTPL") (included in other income) | | |
| - interest income from structured deposits | **(43,171)** | (43,190) |

Notes :

i. The amounts has been arrived at before deducting net reversal of allowance for inventory obsolescence of HK$7,426,000 (2013 : HK$4,226,000).

ii. Allowance for inventory obsolescence is written back when the relevant inventory is sold.

## 9. Other Comprehensive (Expense) Income

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cash flow hedges: | | |
| Fair value (loss) gain on hedging instruments | **(92,969)** | 181,699 |
| Reclassification adjustments upon recognition of hedged items in profit or loss | **(66,551)** | (28,695) |
| | **(159,520)** | 153,004 |
| Exchange differences arising on translation of joint ventures | **(641)** | 667 |
| Exchange differences arising on translation to presentation currency | **(66,283)** | 90,168 |
| Exchange differences arising on translation of foreign operations | **(98)** | 752 |
| Other comprehensive (expense) income | **(226,542)** | 244,591 |
| Income tax relating to components of other comprehensive income: | | |
| - fair value changes on hedging instruments under cash flow hedges | **14,944** | (30,256) |
| - reclassification adjustments of fair value changes of hedging instruments to profit or loss | **11,411** | 4,804 |
| | **26,355** | (25,452) |
| Other comprehensive (expense) income for the year, net of tax | **(200,187)** | 219,139 |

## 10. Dividends

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Dividend recognised as distribution and paid during the year: | | |
| Interim dividend – 5 HK cents per ordinary share for 2014 (2013: 5 HK cents for 2013) | **15,281** | 14,861 |
| Final dividend – 15 HK cents per ordinary share for 2013 (2013: 15 HK cents for 2012) | **44,582** | 44,582 |
| | **59,863** | 59,443 |

The final dividend of 15 HK cents per ordinary share in respect of the financial year ended 31 December 2013, which included scrip dividend elected by shareholders as an alternative for cash, was distributed to shareholders on 11 July 2014 as follows:

| | 2014 |
|---|---|
| | *HK$'000* |
| Dividends distributed by cash | **18,956** |
| Dividends distributed by shares | **25,626** |
| | **44,582** |

The final dividend of 5 HK cents (2013: 15 HK cents) per ordinary share was proposed by the directors and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

## 11. Earnings Per Share

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

| | 2014 | 2013 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Earnings for the purpose of basic earnings per share attributable to owners of the Company | **101,468** | 194,483 |

| | 2014 | 2013 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **301,218,825** | 297,213,550 |

No presentation of diluted earnings per share as there is no potential ordinary shares outstanding during the years or at the end of the respective reporting periods.

## 12. 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 is presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

| | 2014 | 2013 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within 90 days | **362,861** | 391,593 |
| 91 to 180 days | **12,138** | 20,642 |
| 181 to 360 days | **1,269** | 11,940 |
| Over 360 days | **2,199** | 2,003 |
| | **378,467** | 426,178 |

## 13. Bills Receivable

At the end of the reporting period, bills receivable of HK$27,546,000 (2013: HK$41,855,000) are aged within 180 days (2013: 180 days) from respective invoice dates. Included in the bills receivable are discounted bills with recourse of HK$23,413,000 (2013: HK$31,595,000), their corresponding financial liabilities are included in bank borrowings.

## 14. Trade Payables and Bills Payable

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **121,757** | 137,252 |
| 91 to 180 days | **5,420** | 11,300 |
| 181 to 360 days | **3,166** | 2,875 |
| Over 360 days | **5,585** | 5,569 |
| | **135,928** | 156,996 |
| Accrued purchases | **186,581** | 199,024 |
| | **322,509** | 356,020 |

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

All bills payable are aged within 90 days.

## 15. Structured Deposits

The structured deposits are placed with banks in HK and the PRC and contain embedded derivatives, the returns of which are determined by reference to the change in certain exchange rates or interest rates quoted in the market. The structured deposits are designated as FVTPL at initial recognition.

Major terms of the structured deposits at the end of the reporting period are as follows:

*At 31 December 2014:*

| Principal amount | Maturity (Note i) | Annual coupon rate | Notes |
|---|---|---|---|
| RMB284,000,000 | February - September 2015 | from 2.0% to 5.0% | (ii) |
| RMB331,500,000 | January - August 2015 | from 2.4% to 4.5% | (iii) |
| RMB40,000,000 | March 2015 | 0% or 4.3% | (iv) |
| RMB80,000,000 | January - August 2015 | from 3.0% to 4.0% | (v) |
| RMB161,000,000 | February - March 2015 | from 3.3% to 3.5% | (vi) |

*At 31 December 2013:*

| Principal amount | Maturity (Note i) | Annual coupon rate | Notes |
|---|---|---|---|
| RMB338,659,000 | March - November 2014 | from 1.8% to 5% | (ii) |
| RMB393,000,000 | January - August 2014 | from 2.4% to 4.5% | (iii) |
| RMB201,000,000 | January - December 2014 | from 3.1% to 4.2% | (iv) |
| RMB164,000,000 | October - December 2014 | from 3.3% to 3.5% | (v) |

Notes:

(i) All the deposits are subject to the option for early termination by issuing banks.

(ii) The annual coupon rate is dependent on whether the spot rate for conversion of European dollar for United States dollar ("US$") as prevailing in the international foreign exchange market falls within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

(iii) The annual coupon rate is dependent on whether the spot rate for conversion of Australian dollar for US$ as prevailing in the international foreign exchange market falls within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

(iv) The annual coupon rate is dependent on whether the spot rate for conversion of Renminbi for US$ as prevailing in the international foreign exchange market falls within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

(v) The annual coupon rate is dependent on whether the spot rate for conversion of US$ for HK$ as prevailing in the international foreign exchange market falls within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

(vi) The annual coupon rate is dependent on whether 1 month London Interbank Offered Rate for deposits in US$ falls within 0% to 3% during the period from inception date to maturity date of the relevant agreements.

At the end of the reporting period, the structured deposits are stated at fair values based on valuation provided by respective counterparties. The fair values are calculated using discounted cash flow analyses based on the applicable yield curves of relevant interest rates and exchange rates.

## 16. Investments in Joint Ventures

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost / carrying value of unlisted investments in joint ventures | **21,595** | 9,982 |
| Share of post-acquisition (losses) profits | **(4,504)** | 4,813 |
| Exchange realignment | **4,824** | 5,465 |
| | **21,915** | 20,260 |

At 31 December 2014, included in investments in joint ventures is an interest in High Fashion New Media Corporation Limited of HK$2,939,000 which comprises the fair value of the interests in joint ventures on initial recognition of HK$11,613,000 and share of post-acquisition loss of HK$8,438,000 and other comprehensive expense of HK$236,000.

An agreement was entered into on 26 November 2013 by Hansen International Limited ("Hansen"), an independent third party to the Company, and the Group to form High Fashion New Media Corporation Limited. The Group held 65% equity interests in, and 67% voting power of, High Fashion New Media Corporation Limited and New Media Group became non-wholly owned subsidiaries of the Group, with Hansen's interest be accounted for as non-controlling interest of the Group. The Group still retained control over the New Media Group by virtue of the Group's voting power to High Fashion New Media Corporation Limited.

Since August 2014, there were disputes amongst the Group, Hansen, Ms Leong Ma Li Mary (“Ms Leong”), the beneficial owner of Hansen and chief executive officer of High Fashion New Media Corporation Limited, and Mr Lam Foo Wah and Mr Lam Gee Yu, Will, directors of High Fashion New Media Corporation Limited and directors of the Company, leading to various claims and counter claims between these parties. Since then, the Group has not been able to access the entire set of books and records of the New Media Group. On 11 September 2014, the High Court of the Hong Kong Special Administrative Region made an interim order to the Group to hand over the finance chops and various items of Shenzhen Huijian Fashion Co. Ltd (“Huijian”), a major subsidiary of High Fashion New Media Corporation Limited, to Ms Leong’s solicitor as stakeholder; and to revise the bank mandate of Huijian to the effect that one representative from each of Hansen and the Group shall form joint signatories of the bank accounts and operate them jointly. As a result of the High Court order, the New Media Group has became effectively jointly controlled by the Group and Hansen as decisions regarding the relevant activities of the New Media Group effectively require unanimous consent of both the Group and Hansen. Accordingly, the Group has accounted for its interest in High Fashion New Media Corporation Limited as a joint venture since 11 September 2014. The fair value of the Group's interest in High Fashion New Media Corporation Limited as a joint venture on the date of initial recognition was determined by discounted cash flow analysis which approximate the net assets of the New Media Group.

The consolidated summarised financial information of New Media Group is set out below and represents amounts shown in the New Media Group’s unaudited consolidated management accounts prepared based on the information available to the Group, which are incomplete as the Group cannot fully access the financial books and records of New Media Group as mentioned above:

| | 2014 |
|---|---:|
| | *HK$'000* |
| Current assets | **136,692** |
| Non-current assets | **4,015** |
| Current liabilities | **136,185** |
| Income recognised in profit or loss | **23,337** |
| Expenses recognised in profit or loss | **36,318** |
| Group's share of losses of joint ventures for the year | **8,438** |

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2014.

**Basis for Qualified Opinion**

The Group's investment in High Fashion New Media Corporation Limited and its subsidiaries (the "New Media Group") is carried at HK$2,939,000 on the consolidated statement of financial position as at 31 December 2014, and the Group's share of the New Media Group's consolidated net loss and other comprehensive expenses for the period from 11 September 2014 to 31 December 2014 of HK$8,438,000 and HK$236,000 respectively, are included in the consolidated statement of profit or loss and other comprehensive income for the year then ended based on the unaudited management accounts of the New Media Group. As explained in note 16 to the consolidated financial statements, the Group is not able to access the entire books and records of the New Media Group and accordingly we were unable to obtain sufficient appropriate audit evidence to assess whether the carrying amount of the Group's investment in the New Media Group as at 31 December 2014, and the Group's share of the New Media Group's net loss and other comprehensive expenses for the period from 11 September 2014 to 31 December 2014 were fairly stated. In addition, we were unable to assess the recoverability of amounts due from the New Media Group of HK$119,706,000 and the appropriateness of the impairment loss of HK$13,375,000 recognised in respect of amounts due from the New Media Group for the year ended 31 December 2014. Consequently, we were unable to determine whether any adjustment to these amounts were necessary as well as the financial information concerning the New Media Group as disclosed in note 16 to the consolidated financial statements

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2014, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results and Review of Operations

Leveraging continuous effort in driving product innovation, market expansion and customer trade up, the Group achieved solid operating results for the year 2014 despite challenging macroeconomic environment and sluggish consumer spending in our key sales markets. Revenue of the Group grew by 2% to HK$2.9 billion for the year and gross profit margin lifted up by 2.2% to 24.9% while the industry is generally experiencing sales downtrend as well as margin erosion.

The Group also managed to achieve a lower operating cost ratio despite escalating cost burden faced by all companies with significant operating base in China. Operating cost ratio(selling, distribution & administrative expenses as a % of sales) improved to 21.5% from 23.2% same period last year. This is a clear demonstration of the Group's outstanding capability to drive enhancement in staff productivity, as well as manufacturing and operating efficiency.

Such strong underlying performance was nonetheless undermined by the generally unexpected RMB depreciation recorded in the year which has negatively impacted the valuation of our RMB based assets. Loss on fair value change of derivative financial instruments amounted to HK$50.2 million (2013: gain of HK$18.5 million), which is the financial instruments for hedging RMB for the year from 2015 to 2017. The smaller increase in fair value of our investment properties before tax compared to same period last year(HK$57 million in 2014 versus HK$158 million in 2013) has also resulted to a significant negative swing in bottom-line contribution.

Net profit attributable to shareholders for the year ended 31 December 2014 landed at HK$101 million, a 48% decline compared to the profit of HK$194 million in 2013. Basic earnings per share were HK$0.34, down 48%.

### Segment Information:

| | Revenue | | Contribution | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| By principal activity: | | | | |
| Manufacturing and trading | **2,497,293** | 2,286,551 | **241,429** | 327,073 |
| Brand business | **367,494** | 520,110 | **(49,350)** | (26,669) |
| | **2,864,787** | 2,806,661 | **192,079** | 300,404 |
| By geographical segments: | | | | |
| USA | **1,255,466** | 1,278,555 | **71,215** | 65,375 |
| Europe | **568,764** | 510,480 | **36,494** | 29,683 |
| Greater China | **747,532** | 781,667 | **69,873** | 190,628 |
| Others | **293,025** | 235,959 | **14,497** | 14,718 |
| | **2,864,787** | 2,806,661 | **192,079** | 300,404 |

**Liquidity and Financial Resources**

The Group's total outstanding bank borrowings were decreased to HK$2,195 million at the end of reporting period compared to HK$2,536 million as at 31 December 2013. The decrease in bank borrowing was mainly due to our hedging arrangement during the year. Our gearing ratio of non-current liabilities to shareholders' funds was only 9% at the end of reporting period. Current ratio has been maintained at a healthy level of 1.23.

The Group's total cash and bank balances were HK$2,283 million at the end of reporting period compared to HK$2,699 million as at 31 December 2013. Based on the net cash position and the ample banking facilities available, the Group had a very strong working capital and liquidity to meet the operating needs and future growth.

The Group's trade receivables were mainly denominated in US dollar. Bank borrowings were denominated in US dollar and Hong Kong dollar. 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 and bills receivables of certain subsidiaries of HK$48 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 Resources**

The total number of employees of the Group including jointly controlled entities as at the end of the reporting period was about 7,600. 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 has purchased the plant and equipment and the leasehold improvement and construction in progress of around HK$45 million in order to upgrade its manufacturing capabilities and environmental protection during the year. Except for the above, there was no material capital expenditure during the year.

## ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at 10th Floor, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Monday, 8 June 2015 at 10:30 a.m. The notice of AGM will be published on the website of the Company (www.highfashion.com.hk) and the designated issuer website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk).

## FINAL DIVIDEND

The Board recommends a final dividend of 5 HK cents (2013: 15 HK cents) per share payable to shareholders of the Company (the "Shareholders") whose names appear on the Register of Members on 15 June 2015, making a total dividend for the year ended 31 December 2014 of 10 HK cents (2013: 20 HK cents) per share.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 5 June 2015 to Monday, 8 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to determine members who are entitled to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 4 June 2015.

In addition, the Register of Members will also be closed from Friday, 12 June 2015 to Monday, 15 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to determine members who are entitled to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 11 June 2015.

## CORPORATE GOVERNANCE

The Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the accounting period for the year ended 31 December 2014, except for the following deviations:

### Code provision A.2.1

Under the code provision A.2.1 of the CG 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.

**Code provision A.6.7**

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other engagements, Mr. Woo King Wai (Independent non-executive Director) and Professor Yeung Kwok Wing (Non-executive Director) were not able to attend the annual general meeting held on 6 June 2014.

## AUDIT COMMITTEE REVIEW

The Audit Committee of the Company 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 as set out in the terms of reference of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014.

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

During the year, 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 ANNUAL REPORT

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

The 2014 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, Ms. So Siu Hang, Patricia, Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well; (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, 30 March 2015