



High Fashion International Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 608)



2024

Interim Report

CONTENTS

Chairman's Statement	2
Management Discussion And Analysis	4
Condensed Consolidated Financial Statements	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to the Condensed Consolidated Financial Statements	20
Other Information	40
Corporate Information	47

Chairman's Statement

In the first half of 2024, the global economy continued to be volatile and weak, with ongoing geopolitical instability. The U.S. interest rate hike cycle continued, affecting interest rates and exchange rate fluctuations, while market consumer sentiment remained under pressure. In this complex and ever-changing economic environment, High Fashion continues to deploy the development of its core fashion manufacturing business with a macro-prudent attitude, actively expanding into emerging markets and creating innovative product developments to achieve the goal of becoming a global leader in the fashion industry.

Our key results for the period ended 30 June 2024 are as follows:

- Net profit attributable to shareholders at HK\$53.3 million
- Gearing ratio of non-current liabilities to shareholders' fund at 43.2%. Current ratio at 1.1
- Basic earnings per share landed at HK\$0.17
- Net asset value per share amounted to HK\$10.02
- Interim dividend per share is HK\$0.035

"Product innovation, excellence, and market leadership" are the development goals that the Group adheres to. We continue to make breakthroughs in green product research and development as well as in processes. Looking ahead, the Group recognizes the importance of sustainable development and integrates environmental protection, social responsibility, and corporate governance (ESG) into its corporate development strategy. By adopting energy-efficient and environmentally-friendly production equipment, promoting the circular economy, and enhancing employee training, we continuously enhance the Company's sense of social responsibility and its ability for sustainable development. By optimizing production processes and strengthening supply chain management, we have achieved a dual enhancement in production capacity and quality, establishing the Group's competitive advantage in the market.

Chairman's Statement

At the same time, the Group is strengthening the culture of “people-oriented, joyful mind”, nurturing a more robust and elite team of High Fashion. We continuously attract professional talents from various fields to join, driving the growth of the Group and the entire team together, in preparation for the Group's future goal of becoming a leader in the world's fashion trends.

“WL District” ensures stable cash flow for High Fashion and fosters technology talents and resources, and offering a broader platform for the Group's development. By effectively integrating the industrial park with our core fashion business, the Group will be well-positioned to create a more comprehensive development environment for the future, particularly in the areas of green environmental protection, innovation, intellectualization.

In an environment filled with challenges and opportunities, High Fashion will diligently conduct risk assessments and management, optimize capital allocation, and ensure financial stability and operational efficiency. Simultaneously, with unity and dedication, all of us will strive with full force, harnessing the power of unity to continuously break new ground. We will actively expand in the markets in China, Europe, America, and Asia-Pacific region, to further solidify and enhance our market competitiveness and strength.

I appreciate very much the full support and advice constantly received from our shareholders, customers, suppliers, banks and our fellow Directors. I would like to thank the management team and all staff members of our Group for their relentless efforts and collaborative spirit.

LAM FOO WAH

Chairman

Hong Kong, 23 August 2024

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2024, amid a turbulent international situation and slowing economic growth, along with adverse conditions such as fluctuations in exchange rates and interest rates, the Group adhered to a management philosophy of seeking progress while maintaining stability and keeping up with the times. We accurately grasped market trends and consumer demands, continuously optimized management measures, expanded our customer base, and explored emerging markets, striving to enhance market competitiveness and risk resilience.

The Group has continued to deepen its sustainable development strategy, focusing on carbon neutrality and traceable eco-friendly products. We are consistently innovating in green product development and integrating the concept of environmental sustainability into our supply chain management. At the same time, we are accelerating supply chain localization, continuously reducing carbon emissions, and enhancing our environmental performance. By combining diverse new materials, technologies, and processes, we are committed to creating more sustainable fashion products to meet the growing environmental demands of consumers and society. We collaborate closely with our clients to promote the green transformation of the fashion industry and contribute to building a more environmentally-friendly fashion ecosystem.

The management team continues to promote digital management and big data analytics to enhance production efficiency and response speed, strengthen internal assessment and monitoring, and achieve greater flexibility and cost control. Additionally, the Group actively employs big data analysis to gain insights into customer needs, developing sustainable and environmentally-friendly fashion that better meets market expectations. We are allocating more resources to artificial intelligence technology, moving towards full automation of business processes, which is becoming a key driver of business development.

At the same time, with the completion of second phase of the “WL District” Industrial Park, management will continue to optimize the mix of companies, providing more quality partners for innovative joint research projects, attracting diverse top-tier high-tech talent. This synergy will bring talent to the Park and provide the Group with a stable flow of funds.

Looking forward, the Group has successfully enhanced its core competitiveness through digital transformation, sustainability, and products innovation. Meanwhile, the Group has also strengthened its team building and talent cultivation, laying a solid foundation for the long-term development of the Group.

Management Discussion and Analysis

FINANCIAL REVIEW

In the first half of 2024, the Group's revenue increased by 1.9% to HK\$1,643.0 million (first half year of 2023: HK\$1,612.4 million). Gross profit decreased by 0.2% to HK\$338.0 million, with a gross profit margin down by 0.4% to 20.6% (first half year of 2023: HK\$338.6 million and 21.0%). Revenue primarily came from the garment manufacturing and trading business. The management team implemented standardized management practices, cost control measures, and project restructuring to reduce production costs, contributing to an improved gross profit margin in the garment sector. The Group's profit for the first half of 2024 was HK\$53.1 million (first six months of 2023: HK\$58.6 million).

Geographically, in the first six months of 2024, revenue from China was HK\$955.1 million, representing 58.1% of total revenue, and a 6.3% increase (first six months of 2023: HK\$898.8 million and 55.7%). Sales in the United States and European countries declined, with total revenue of HK\$408.8 million, accounting for 24.9% of total revenue (first six months of 2023: HK\$437.9 million and 27.2%). Export sales from other Southeast Asian countries showed a slight increase, accounting for 17.0% of total revenue (first six months of 2023: 17.1%). The Group will continue to explore different market regions to expand its sales network and reduce risk.

In the first six months of 2024, other net gain was HK\$2.6 million (first six months of 2023: other net loss of HK\$10.8 million), primarily including a fair value increase of HK\$3.4 million from investment properties (first six months of 2023: decrease of HK\$11.6 million). Over the past two years, the changes in fair value of investment properties were mainly due to the slower-than-expected economic recovery of China's overall real estate market, resulting in a decline in property values. However, since real estate projects are part of the Group's long-term development plan, the temporary narrowing of increases will not affect the Group.

The proportion of administrative expenses to total revenue decreased from 9.2% in the first six months of 2023 to 8.6% in the first six months of 2024. Sales and distribution expenses slightly increased as a percentage of total revenue from 6.2% in the first six months of 2023 to 6.3% in the first six months of 2024.

For the first six months period ended in 2024, the basic earnings per share was HK\$0.17, a decrease of 10.5% compared to HK\$0.19 for the first six months period ended in 2023. As of 30 June 2024, the net asset value per share decreased from HK\$10.12 as of 31 December 2023 to HK\$10.02.

Management Discussion and Analysis

SEGMENT INFORMATION

The segment information for the six months ended 30 June 2024 is as follows:

	Revenue		Segment results	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
By principal activities:				
Manufacturing and trading of garments	1,577,545	1,555,728	73,467	66,241
Property investment and development	65,500	56,711	13,772	15,187
	1,643,045	1,612,439	87,239	81,428
By geographical segments:				
China	955,137	898,756	61,763	58,809
USA	213,707	233,882	10,494	8,781
Europe	195,125	203,983	7,958	7,420
Others	279,076	275,818	7,024	6,418
	1,643,045	1,612,439	87,239	81,428

Management Discussion and Analysis

Manufacturing and trading of garments

In the first half of 2024, revenue from manufacturing and trading of garments business was HK\$1,578 million, an increase of HK\$22 million, or 1.4%, compared to HK\$1,556 million in the same period of 2023. The profit for the first half of 2024 was HK\$73.5 million, increased 11% from HK\$66.2 million in the same period of 2023.

The Group is actively integrating the concept of sustainable development into its business, introducing the environment-friendly concept into the production cycle, adopting advanced environment protection technology to achieve green production and reducing carbon emission in order to support sustainable fashion development. We enhance operational efficiency by optimizing and reshaping business processes, allowing employees to focus on core issues and establishing a customer-centric value chain that continuously improves customer value.

Property investment and development

In the first half of 2024, revenue from property investment and development business was HK\$65.5 million, compared to HK\$56.7 million in the same period of 2023.

The Group is continuously expanding the scale of the WL District real estate project located in Hangzhou. The second phase of WL District in Hangzhou has been completed, and management will continue to optimize the mix of resident enterprises, aiming to attract diverse top-tier high-tech talent to promote innovative joint research projects. This synergy will bring talent to the Park and provide the Group with a stable flow of funds.

Management Discussion and Analysis

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

Given the increasingly severe impacts of climate change and rising global temperatures, stakeholders across society are paying close attention to the significant effects of climate change on the environment and humanity, demanding a commitment to sustainable development from all enterprises. The Group has long served as a role model in the industry, showcasing various advanced carbon reduction and water conservation technologies across the supply chain. We are dedicated to continuously optimizing green supply chain technologies through corporate collaborations, creating a closed-loop and traceable sustainable fashion cycle that minimizes waste, and driving transformation in the textile industry through the development of high-value products. Additionally, the Group participates in domestic and international fashion summits and exhibitions to explore different markets and demonstrate our sustainable development achievements to clients and stakeholders, fostering in-depth exchanges within the industry.

The Group is committed to fulfilling its sustainable development goals by incorporating more sustainable and recyclable materials into new products. This includes developing innovative green fabrics such as the natural green wood-based fiber, WISE∞COSE®, and inventing novel green raw materials, including biodegradable regenerated fibers and yarns. To reduce the consumption of natural resources and pollution emissions, the Group has established an energy management system and adopted dual-carbon management practices to optimize factory layouts and designs, enhance green production capacity, expand solar panel configurations, and purchase renewable energy certificates. This effort aims to significantly increase the Group's usage of renewable energy, in alignment with national policies and industry trends.

The Group upholds the corporate culture of "People-oriented and Joyful Mind", "Put the Needs of Others before Your Own" and "One Heart One Power". We firmly believe that employees are an indispensable factor in the success of the enterprise. Therefore, we are dedicated to focusing on employees' personal health and family development. Regular sports competitions and safety production training are held in various regions to promote a culture of safety. We also organize summer childcare programs for employees' families, ensuring that employees' children receive quality education while enjoying a happy and safe holiday. To enhance employee skills, the Group holds skill competitions, providing opportunities for practical skill development, and fostering teamwork and personal growth through healthy competition. Additionally, participation in tree-planting activities in the value chain not only reflects our commitment and support for environmental protection but also raises employees' environmental awareness.

Management Discussion and Analysis

The Group adheres to integrity and honest business practices, maintaining a zero-tolerance policy towards corruption and fraud. Regular reviews of the “Code of Conduct on Integrity” and anti-corruption training sessions are conducted, requiring employees to declare interests and prevent conflicts of interest. We establish and promote a culture of anti-corruption among suppliers, enhancing awareness of corruption within the Group. Through reporting policies and complaint mechanisms, we strengthen transparency within the Group. The Group respects customer privacy and complies with laws and regulations regarding customer privacy protection. Various measures are implemented to safeguard intellectual property, confidentiality agreements are signed with relevant stakeholders, and training is provided to employees to enhance their understanding of the Company’s latest measures.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2024, the Group’s total cash and cash equivalent, short-term deposit and other financial assets at fair value through profit or loss was HK\$975.7 million (as at 31 December 2023: HK\$875.4 million).

Bank borrowings, mainly denominated in Hong Kong Dollar, increased from HK\$1,642 million as at 31 December 2023 to HK\$1,930 million as at 30 June 2024. The bank borrowings were mainly for certain properties construction, development projects and fixed assets investments to develop and upgrade the manufacturing plants in Mainland China.

The gearing ratio of non-current liabilities to shareholders’ funds increased to 43.2% as at 30 June 2024 (as at 31 December 2023: 36.9%). The current ratio is maintained at 1.1, revealing that the Group has a solid capital base.

Net cash used in operating activities for the six months ended 30 June 2024 was HK\$45.2 million. Nevertheless, the Group still has sufficient bank financing and stable income from its owned properties. Management is confident in maintaining healthy operating funds and liquidity in the future to meet business needs and drive growth.

Management Discussion and Analysis

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

Apart from HK\$1.9 billion of mortgaged properties in Hong Kong and Mainland China for long-term bank borrowings (as at 31 December 2023: HK\$1.9 billion), the Group has no collateral for other assets.

CAPITAL EXPENDITURE

The Group has purchased the plant and equipment, leasehold improvement and construction in progress of around HK\$47.7 million in order to upgrade the manufacturing capabilities and improve the environmental protection facilities during the period. The Group also injects HK\$36.8 million into certain properties construction and development projects during the reporting period.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group is committed to capital expenditure in respect of acquisition of property, plant and equipment and construction work contracted but not provided for amounted to HK\$267.6 million.

CONTINGENT LIABILITIES

Please refer to note 19 to the condensed consolidated financial statements for details of contingent liabilities as at 30 June 2024.

HUMAN RESOURCES

As at 30 June 2024, the Group had approximately 5,000 employees (as at 31 December 2023: approximately 5,000). Management of the Group emphasizes in staff training. We would provide face to face and online training to the employees in order to equip the staff with the right knowledge. The Group evaluates its staff based on their performance, qualifications and industry practices. Furthermore, we offer competitive remuneration packages including medical subsidies and retirement scheme contributions to the employees in compensation of their contribution. In addition, discretionary bonuses may also be granted to the eligible employees based on the Group's and individuals' performance.

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue			
Goods and services		1,577,545	1,555,728
Rental		65,500	56,711
Total revenue	3	1,643,045	1,612,439
Cost of sales		(1,305,062)	(1,273,842)
Gross profit		337,983	338,597
Other income		12,738	15,411
Other gains and losses	4	2,582	(10,826)
Impairment losses under expected credit loss model, net of reversal		(373)	(204)
Administrative expenses		(141,389)	(148,066)
Selling and distribution expenses		(102,739)	(100,182)
Other expenses		–	(223)
Finance costs	5	(41,454)	(33,644)
Profit before taxation		67,348	60,863
Income tax expenses	6	(14,267)	(2,245)
Profit for the period	7	53,081	58,618

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements to presentation currency	(84,138)	(188,649)
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	420	(2,516)
Other comprehensive expense for the period, net of tax	(83,718)	(191,165)
Total comprehensive expense for the period	(30,637)	(132,547)
Profit (loss) for the period attributable to:		
Owners of the Company	53,305	57,899
Non-controlling interests	(224)	719
	53,081	58,618

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	NOTE	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(30,413)	(133,266)
Non-controlling interests		(224)	719
		(30,637)	(132,547)
Earnings per share	8		
Basic		17.44 HK cents	18.95 HK cents
Diluted		17.44 HK cents	18.95 HK cents

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	NOTES	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		502,748	453,898
Right-of-use assets		50,523	53,717
Investment properties	10	3,406,270	3,415,751
Interests in joint ventures		7,557	7,557
Equity instruments at fair value through other comprehensive income ("FVTOCI")		10,616	10,616
Deferred tax assets		66,778	3,641
Other non-current assets	11	67,899	67,270
Long-term bank deposits		–	40,857
		4,112,391	4,053,307
Current assets			
Inventories		491,351	435,749
Properties held for sale		184,044	159,145
Trade receivables	12	648,309	633,289
Deposits, prepayments and other receivables		208,179	187,403
Amounts due from joint ventures		5,395	5,395
Derivative financial instruments		–	280
Other financial assets at fair value through profit or loss ("FVTPL")		230,736	254,118
Short-term bank deposits		110,074	63,550
Cash and cash equivalents		634,850	557,722
		2,512,938	2,296,651

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

	NOTES	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Current liabilities			
Trade payables	13	680,488	695,835
Other payables and accruals		315,315	345,550
Lease liabilities		3,967	4,049
Amount due to an associate		691	694
Contract liabilities		98,851	91,818
Tax payable		62,985	62,147
Derivative financial instruments		3,213	3,195
Bank borrowings	14	1,058,422	900,107
		2,223,932	2,103,395
Net current assets		289,006	193,256
Total assets less current liabilities		4,401,397	4,246,563
Non-current liabilities			
Deferred tax liabilities		382,171	323,731
Bank borrowings	14	871,578	742,146
Lease liabilities		3,254	5,258
Provision for long service payments		3,074	3,074
Deferred income		6,694	6,833
Other liabilities		70,986	71,244
		1,337,757	1,152,286
Net assets		3,063,640	3,094,277

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

		At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
	<i>NOTE</i>		
Capital and reserves			
Share capital	15	30,562	30,562
Share premium and reserves		3,062,875	3,093,288
Equity attributable to owners of the Company		3,093,437	3,123,850
Non-controlling interests		(29,797)	(29,573)
Total equity		3,063,640	3,094,277

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company							Attributable to non-controlling interests		Total			
	Share capital	Share premium	Share Translation reserve	Reserve funds	Property revaluation reserve	FVOCI revaluation reserve	Capital redemption reserve	Share options	Other reserve		Retained profits	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	30,562	287,656	55,736	113,381	438,396	10,093	8,511	1,914	39,853	2,137,748	3,123,850	(29,573)	3,094,277
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	53,305	53,305	(224)	53,081
Other comprehensive expense for the period	-	-	(83,718)	-	-	-	-	-	-	-	(83,718)	-	(83,718)
Total comprehensive (expense) income for the period	-	-	(83,718)	-	-	-	-	-	-	53,305	(30,413)	(224)	(30,637)
Transfer to reserve funds	-	-	-	11,338	-	-	-	-	-	(11,338)	-	-	-
At 30 June 2024 (unaudited)	30,562	287,656	(27,982)	124,719	438,396	10,093	8,511	1,914	39,853	2,179,715	3,093,437	(29,797)	3,063,640
At 1 January 2023	30,562	287,656	176,573	102,870	420,935	15,893	8,511	1,914	39,853	2,081,967	3,166,734	(28,741)	3,137,993
Profit for the period	-	-	-	-	-	-	-	-	-	57,899	57,899	719	58,618
Other comprehensive expense for the period	-	-	(191,165)	-	-	-	-	-	-	-	(191,165)	-	(191,165)
Total comprehensive (expense) income for the period	-	-	(191,165)	-	-	-	-	-	-	57,899	(133,266)	719	(132,547)
Transfer to reserve funds	-	-	-	10,511	-	-	-	-	-	(10,511)	-	-	-
At 30 June 2023 (unaudited)	30,562	287,656	(14,592)	113,381	420,935	15,893	8,511	1,914	39,853	2,129,355	3,033,468	(28,022)	3,005,446

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	NOTE	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash (used in) generated from operating activities		(45,158)	100,507
INVESTING ACTIVITIES			
Interests received		23,490	7,584
Withdrawal of short-term bank deposits		54,406	43,445
New long-term and short-term bank deposits placed		(60,861)	(146,628)
Purchases of other financial assets at FVTPL		(181,829)	–
Redemption of other financial assets at FVTPL		203,046	143,682
Additions to investment properties		(36,808)	(101,232)
Purchases of property, plant and equipment		(47,744)	(48,431)
Settlement of derivative financial instruments		(711)	–
Proceeds on disposal of property, plant and equipment		943	–
Net cash used in investing activities		(46,068)	(101,580)
FINANCING ACTIVITIES			
New bank borrowings raised	14	1,560,256	425,865
Repayment of bank borrowings	14	(1,268,310)	(388,460)
Interests paid		(86,545)	(33,644)
Repayment of lease liabilities		(2,031)	(2,131)
Net cash generated from financing activities		203,370	1,630

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net increase in cash and cash equivalents	112,144	557
Cash and cash equivalents at beginning of the period	557,722	611,250
Effect of foreign exchange rate changes, net	(35,016)	(23,105)
Cash and cash equivalents at end of the period	634,850	588,702
Analysis of balances of cash and cash equivalents		
Bank balances and cash	634,850	588,702

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” 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 Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs 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.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. Revenue and Segment Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from contracts with customers in respect of sales of garments, fabrics and accessories recognised at a point in time under HKFRS 15	1,577,545	1,555,728
Rental income recognised under HKFRS 16	65,500	56,711
	1,643,045	1,612,439
Geographical markets for revenue from contracts with customers:		
China (including Mainland China and Hong Kong)	955,137	898,756
United States of America ("USA")	213,707	233,882
Europe	195,125	203,983
Others	279,076	275,818
	1,643,045	1,612,439

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. Revenue and Segment Information (Continued)

Disaggregation of revenue from contracts with customers (Continued)

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 2024 (unaudited)

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

For the six months ended 30 June 2023 (unaudited)

	Manufacturing and trading of garments HK\$'000	Property investment and development HK\$'000
Segment revenue	1,555,728	56,711
Less: rental income recognised under HKFRS 16	–	(56,711)
Revenue from contracts with customers	1,555,728	–

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. Revenue and Segment Information (Continued)

Segment information

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Segment revenue		
— Manufacturing and trading of garments	1,577,545	1,555,728
— Property investment and development	65,500	56,711
Revenue — external sales	1,643,045	1,612,439
Segment results		
— Manufacturing and trading of garments	73,467	66,241
— Property investment and development	13,772	15,187
Change in fair value of derivative financial instruments	87,239	81,428
Change in fair value of investment properties	(1,261)	(7,080)
Unallocated corporate overhead and other expenses	3,436	(11,574)
	(22,066)	(1,911)
Profit before taxation	67,348	60,863

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.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. Other Gains and Losses

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Change in fair value of investment properties	3,436	(11,574)
Change in fair value of derivative financial instruments	(1,261)	(7,080)
Net foreign exchange gain	1,028	5,516
Loss on disposal of property, plant and equipment, net	(811)	(748)
Change in fair value of other financial assets at FVTPL	190	3,060
	2,582	(10,826)

5. Finance Costs

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interests on:		
Bank borrowings and overdrafts	40,528	32,065
Leases liabilities	191	281
Borrowings on discounted bills	735	1,298
Total borrowing costs	41,454	33,644

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. Income Tax Expenses

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax charge:		
Hong Kong	5,566	6,303
Mainland China	12,975	1,756
	18,541	8,059
Under (over)provision in prior periods:		
Mainland China	27	(2,894)
Other jurisdictions	(700)	–
	(673)	(2,894)
Deferred taxation — current period	(3,601)	(2,920)
	14,267	2,245

Deferred tax

Included in deferred taxation for the period is approximately HK\$3,364,000 (six months ended 30 June 2023: credit of HK\$4,253,000) deferred tax charged on increase (six months ended 30 June 2023: decrease) in fair value of investment properties.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

7. Profit for the Period

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	28,528	31,905
Depreciation of right-of-use assets	2,832	2,881
Net reversal of allowance for inventory obsolescence (included in cost of sales)	(10,701)	(8,591)
Interest income	(9,769)	(7,584)

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	53,305	57,899
	Number of shares	Number of shares
	'000	'000
Number of ordinary shares for the purpose of basic and diluted earnings per share	305,616	305,616

The computation of diluted earnings per share for the six months ended 30 June 2024 and 2023 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.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. Dividends

During the current interim period, a final dividend in respect of the year ended 31 December 2023 of 12 HK cents (six months ended 30 June 2023: final dividend in respect of the year ended 31 December 2022 of 12 HK cents) per ordinary share was declared to the shareholders and has been paid in cash on 5 July 2024.

The board of directors of the Company (the "Board") declared that an interim dividend of 3.5 HK cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: 3.5 HK cents) will be paid to shareholders whose names appear in the register of members on 13 September 2024. 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. Investment Properties

All investment properties held by the Group are determined using fair value model. The fair value of the Group's major investment properties as at 30 June 2024 has been arrived at on the basis of the valuation carried out by CBRE Advisory Hong Kong Limited and Centaline Surveyors Limited (31 December 2023: CBRE Advisory Hong Kong Limited, Centaline Surveyors Limited and 浙江中企華資產評估有限公司), which are independent qualified professional valuer not connected with the Group. An increase in fair value of investment properties of approximately HK\$3,436,000 (six months ended 30 June 2023: decrease in fair value of HK\$11,574,000) has been recognised directly in the profit or loss for the six months ended 30 June 2024.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. Other non-current assets

Included in other non-current assets is a deposit of RMB30,000,000 (equivalent to HK\$32,873,110) (31 December 2023: RMB30,000,000 (equivalent to HK\$33,127,000)) paid to the customs authority in Shaoxing City of Zhejiang Province in the Mainland China in relation to an ongoing enquiry of customs duty for import of certain machinery parts and apparel accessories for manufacturing by the factories in the Mainland China.

On 24 February 2023, the Group received a judgment from the Shaoxing Intermediate People's Court that, following the Higher People's Court of Zhejiang Province issuing the judgment on 14 February 2023 to return the customs proceedings to the Shaoxing Intermediate People's Court for retrial due to unclear fact and insufficient evidence, the People's Procuratorate of the Shaoxing City of Zhejiang Province has withdrawn the charges against a subsidiary of the Company and the Shaoxing Intermediate People's Court granted its approval for such withdrawal.

The management of the Group expects the refund of the deposit would not be settled within the twelve months from the end of the reporting period and therefore the deposit has been presented as a non-current asset (31 December 2023: a non-current asset) in the condensed consolidated statement of financial position.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. 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 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 90 days	552,382	566,279
91 to 180 days	68,232	47,344
181 to 360 days	22,219	14,992
Over 360 days	5,476	4,674
	648,309	633,289

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. 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 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 90 days	258,989	333,345
91 to 180 days	47,075	12,298
181 to 360 days	5,839	6,404
Over 360 days	16,403	25,625
	328,306	377,672
Accrued purchases	352,182	318,163
	680,488	695,835

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

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. Trade Payables (Continued)

The Group's trade payables included trade payables under supplier finance arrangements in which the Group has issued bills with the carrying amount of HK\$81,029,000 as at 30 June 2024 (31 December 2023: HK\$46,189,000) to the relevant suppliers for future settlement and continues to recognise trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

Accrued purchases represent the purchase of goods of which the invoices have not been received by the Group. The purchase invoices will normally be received within one month from the receipt of the goods purchased.

14. Bank Borrowings

During the current interim period, the Group obtained new bank borrowings totalling HK\$1,560,256,000 (six months ended 30 June 2023: HK\$425,865,000) and repaid HK\$1,268,310,000 (six months ended 30 June 2023: HK\$388,460,000). The loans carry interest at market rates ranging from 2.31% to 6.61% (31 December 2023: 3.25% to 6.58%) per annum.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

15. Share Capital

	Number of shares	Amount
	'000	HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2023 (audited),		
30 June 2023 (unaudited),		
1 January 2024 (audited) and		
30 June 2024 (unaudited)	1,000,000	100,000
Issued and fully paid:		
At 1 January 2023 (audited),		
30 June 2023 (unaudited),		
1 January 2024 (audited) and		
30 June 2024 (unaudited)	305,616	30,562

16. Capital Commitments

At 30 June 2024, the Group is committed to capital expenditure in respect of acquisition of property, plant and equipment and construction work contracted but not provided for amounted to approximately HK\$267,631,000 (31 December 2023: HK\$375,690,000).

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. Related Party Transactions

Apart from the amounts due from joint venture and amount due to an associate as stated in the condensed consolidated statement of financial position, the Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Key management personnel compensation (note)	11,080	11,218

Note: The remuneration of directors of the Company, which are the key management personnel, during the period are determined by the remuneration committee having regard to the performance of individuals and market trends.

18. Share-Based Payments

The Company passed an ordinary resolution at the annual general meeting to adopt a share option scheme on 30 May 2012 (the "2012 Share Option Scheme") for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme (the "2022 Share Option Scheme") for the continuation of providing recognition to the contributions or services of executive directors, non-executive directors and eligible employees of the Group. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

18. Share-Based Payments (Continued)

At 30 June 2024, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 5,000,000 (31 December 2023: 5,000,000), which if exercised in full representing 1.64% (31 December 2023: 1.64%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2022 Share Option Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, any share options to a substantial shareholder of the Company or any of their respective associates that would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant exceeding 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares on the date of grant) in excess of HK\$5 million is subject to shareholders' approval in a general meeting.

No consideration is payable by the Grantee in respect of the offer of the grant, the acceptance of the offer of grant or the grant of the Option. The exercise period of the share options granted is determinable by the directors of the Company, but no later than 10 years from the date of the offer. The minimum period for which an option must be held before it can be exercised is to be determined by the directors of the Company after taking into account a wide range of factors including but not limited to the responsibilities and years of services of each eligible participant, business development and other areas concerning the operation and sustainable development of the Group.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

18. Share-Based Payments (Continued)

50% of the options granted were exercisable from 3 December 2019 to 2 December 2028, while the remaining 50% of the options granted were exercisable from 3 December 2020 to 2 December 2028. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of option; (ii) the average closing price of the shares in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of option; and (iii) the par value of the Company's share.

Details of options granted are as follows:

Number of share options	Date of grant	Exercise period	Exercise price HK\$	Fair value at grant date HK\$
5,000,000	3 December 2018	3 December 2019 to 2 December 2028	1.76	0.3828

There is no movement of the Company's share options granted during the six months ended 30 June 2024 and the year ended 31 December 2023.

The Group did not recognise any expense for the six months ended 30 June 2024 (year ended 31 December 2023: nil) in relation to share options granted by the Company.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

19. Contingent Liabilities

In addition to the ongoing enquiry of customs duty as disclosed in note 11, the Group has the followings contingent liabilities:

One of the Group's subsidiaries is currently involved in a dispute with a supplier regarding the interpretation of contract terms for a claim amounting to RMB7,000,000. Court hearings have taken place at the Hai An County People's Court in May 2024 and August 2024 and the next Court hearing is scheduled to be held on 4 September 2024. According to the opinion of the Group's external legal counsel, the Group has strong defense on the claims, as such, no provision is necessary.

20. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's equity investments at FVTOCI, derivative financial instruments and other financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

20. Fair Value Measurements of Financial Instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

For valuation technique using discounted cash flows, the discount rates used take into consideration the credit risk of the relevant counterparties of the contracts or the Group, as appropriate.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 (unaudited)	31 December 2023 (audited)		
Foreign exchange forward contracts	Assets — Nil	Assets — HK\$280,000	Level 2	Valuation technique: Discounted cash flow. Key inputs: Forward exchange rates, contracted exchange rates and discount rates
	Liabilities — HK\$3,213,000	Liabilities — HK\$3,195,000		
Structured deposits	Assets — HK\$140,000,000	Assets — Nil	Level 2	Valuation techniques: Discounted cash flow. Key inputs: Forward interest rates, contracted interest rates and volatility of exchange rates.
Unlisted fund in Hong Kong	Assets — HK\$5,266,000	Assets — HK\$5,333,000	Level 2	Valuation techniques: Redeemable value provided by financial institutions.
Unlisted financial products in Mainland China	Assets — HK\$85,470,000	Assets — HK\$248,785,000	Level 2	Valuation technique: Quoted price for identical asset from a platform.
Equity instruments at FVTOCI	Assets — HK\$10,616,000	Assets — HK\$10,616,000	Level 2	Valuation technique: Net asset value.

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

20. Fair Value Measurements of Financial Instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

There is no transfer amongst level 1, 2 and 3 for the six months ended 30 June 2024 and year ended 31 December 2023.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. Financial Assets and Financial Liabilities Subject to Enforceable Master Netting Arrangements

The Group has entered into certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Netting Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the condensed consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. The carrying amounts of financial assets and financial liabilities presented under "Derivative financial instruments" in the condensed consolidated statement of financial position is nil and HK\$3,213,000 (31 December 2023: HK\$280,000 and HK\$3,195,000), respectively.

The gross amounts of the recognised financial assets and financial liabilities, which are subject to enforceable master netting arrangements, are measured at as follows:

- Derivative financial instruments — fair value

Other Information

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 3.5 HK cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: 3.5 HK cents) on the shares in issue amounting to approximately HK\$10,697,000 (six months ended 30 June 2023: HK\$10,697,000), to the shareholders whose names appear on the Register of Members on Friday, 13 September 2024. The dividend will be payable on Friday, 4 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 12 September 2024 to Friday, 13 September 2024, 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 Secretaries 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, 11 September 2024.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the accounting period for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the directors of the Company (the "Directors").

Specific enquiry has been made of all Directors and they have complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

The Company has established the written guidelines on no less exacting terms than the Model Code relating to securities transactions for the relevant employees.

Other Information

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

During the six months ended 30 June 2024, 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.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated financial information and interim report of the Company for the six months ended 30 June 2024.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors, chief executives of the Company (the "Chief Executives") and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which have been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long Positions in the Shares and Underlying Shares of the Company

(a) Ordinary shares of the Company

Name of Director	Notes	Capacity	Nature of interests	Number of ordinary shares held	Percentage of the Company's issued share capital (Note 4)
Lam Foo Wah	1,2	Beneficial owner	Personal	1,789,901	0.59%
		Other interests	Other	222,069,460	72.66%

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Long Positions in the Shares and Underlying Shares of the Company (Continued)

(b) Share options granted by the Company

Name of Directors	Capacity	Number of underlying shares held pursuant to share options <i>(Note 3)</i>	Percentage of the Company's issued share capital <i>(Note 4)</i>
Lam Gee Yu, Will	Beneficial owner	2,500,000	0.82%
Lam Din Yu, Well	Beneficial owner	2,500,000	0.82%

Notes:

- Mr. Lam Foo Wah is deemed to have interests in 170,867,620 ordinary shares which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Lam Foo Wah is deemed to have interests in 51,201,840 ordinary shares which are beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Particulars of these share options and their movements as at 30 June 2024 are set out in the "Share Option Scheme" section below.
- The issued share capital of the Company is 305,615,420 shares as at 30 June 2024.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Long Positions in the Shares and Underlying Shares of the Company (Continued)

(b) *Share options granted by the Company (Continued)*

Save as disclosed above, as at 30 June 2024, none of the Directors, Chief Executives nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which have been notified to the Company and the Stock Exchange pursuant to the Model Code.

Furthermore, save as disclosed in the "Share Option Scheme" section below and note 18 to the condensed consolidated financial statements, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

The Company passed an ordinary resolution at the annual general meeting to adopt 2012 Share Option Scheme for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Other Information

SHARE OPTION SCHEME (CONTINUED)

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme for the continuation of providing recognition to the contributions or services of eligible participants. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

The movements in the Company's share options during the six months ended 30 June 2024 are disclosed as follows:

Name of grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				As at 30 June 2024
				As at 1 January 2024	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
Directors								
Lam Gee Yu, Will	3 December 2018	1.76	3 December 2019 to 2 December 2028	1,250,000	-	-	-	1,250,000
			3 December 2020 to 2 December 2028	1,250,000	-	-	-	1,250,000
				2,500,000	-	-	-	2,500,000
Lam Din Yu, Well	3 December 2018	1.76	3 December 2019 to 2 December 2028	1,250,000	-	-	-	1,250,000
			3 December 2020 to 2 December 2028	1,250,000	-	-	-	1,250,000
				2,500,000	-	-	-	2,500,000
			Total	5,000,000	-	-	-	5,000,000

Note:

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Other Information

SHARE OPTION SCHEME (CONTINUED)

Save as disclosed above, no share options of the Company was granted, exercised, lapsed or cancelled during the period.

As at 30 June 2024, no share option has been granted under the 2022 Share Option Scheme. The total number of share options available for issue under the 2022 Share Option Scheme is 30,561,542, representing 10% of the issued share capital of the Company. Further information of the 2022 Share Option Scheme is set out in note 18 to the condensed consolidated financial statements.

Apart from the 2012 Share Option Scheme or the 2022 Share Option Scheme, during the six months ended 30 June 2024, no rights were granted to the Directors, Chief Executives or those of the Company's subsidiaries, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company or its subsidiaries.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following substantial shareholders, other than Directors and Chief Executives, had the interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to section 336 of SFO:

Long Positions in the Ordinary Shares of the Company

Name of Shareholders	Notes	Capacity	Number of Ordinary shares held	Percentage of the Company's issued share capital (Note 3)
Leung Shuk Bing	1	Interest of spouse	223,859,361	73.25%
Hinton Company Limited	2	Beneficial owner	170,867,620	55.91%
High Fashion Charitable Foundation Limited	2	Beneficial owner	51,201,840	16.75%

Other Information

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Long Positions in the Ordinary Shares of the Company (Continued)

Notes:

1. Ms. Leung Shuk Bing is spouse of Mr. Lam Foo Wah and is deemed to have interests in 223,859,361 ordinary shares.
2. Such interests have been disclosed as interests of Mr. Lam Foo Wah in the “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above.
3. The issued share capital of the Company is 305,615,420 shares as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, no person, other than the Directors or Chief Executives, whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had registered a long or short position in the shares, underlying shares and debentures of the Company that was required to be recorded pursuant to section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information required to be disclosed by the Directors since the publication of the Company’s 2023 Annual Report is set out as below:

With effect from 13 May 2024, Mr. Chung Kwok Pan has been appointed as an Adjunct Professor to the School of Science and Technology of Hong Kong Metropolitan University.

Corporate Information

High Fashion International Limited is a company incorporated in Bermuda with limited liability.

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Gee Yu, Will (*Managing Director*)
Mr. Lam Din Yu, Well
(*Managing Director (China)*)

Non-executive Director

Mr. Hung Ka Hai, Clement

Independent Non-executive Directors

Professor Yeung Kwok Wing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing
Mr. Wong Chun Sek, Edmund

AUDIT COMMITTEE

Mr. Wong Chun Sek, Edmund (*Chairman*)
Mr. Hung Ka Hai, Clement
Professor Yeung Kwok Wing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing

REMUNERATION COMMITTEE

Mr. Chung Kwok Pan (*Chairman*)
Mr. Lam Gee Yu, Will
Professor Yeung Kwok Wing
Mr. Wong Chun Sek, Edmund

NOMINATION COMMITTEE

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Din Yu, Well
Professor Yeung Kwok Wing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing

RISK MANAGEMENT COMMITTEE

Mr. Lam Gee Yu, Will (*Chairman*)
Mr. Lam Din Yu, Well
Professor Yeung Kwok Wing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Lau Yip Shing
Mr. Wong Chun Sek, Edmund

Corporate Information

COMPANY SECRETARY

Ms. Cheuk Chui King

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11/F., High Fashion Centre,
1–11 Kwai Hei Street, Kwai Chung,
New Territories, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

COMPANY WEBSITE

www.highfashion.com.hk