

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **High Fashion International Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



High Fashion International limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

DISCLOSEABLE TRANSACTION

UNDERWRITING ARRANGEMENT FOR PROPOSED OPEN OFFER OF THEME

**Underwriter to the Open Offer
Navigation Limited**

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	5
Information relating to the Open Offer	6
Subscription Price for the Offer Shares	7
Conditions of the Open Offer	8
Underwriting Arrangement	9
Effects of the Undertaking Arrangement	14
Expected Timetable of the Open Offer and Underwriting Arrangement	15
General	16
Additional Information	17
APPENDIX – GENERAL INFORMATION	
Responsibility Statement	18
Disclosure of Interests	18
Service Contracts	21
Litigation	21
Competing Interests	21
General	21

DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Announcement”	the joint announcement of the Company and Theme dated 20 July 2007 relating to, among other things, the Underwriting Arrangement
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means any day on which banks in Hong Kong generally are open for business, except a Saturday, Sunday and public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	High Fashion International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Excess Application Form(s)”	the excess application form(s) to be used in connection with the Open Offer by the Qualifying Shareholders to apply for excess Offer Shares not initially taken up under the Open Offer
“Group”	the Company and its subsidiaries (excluding the Theme Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	16 July 2007, being the last trading day of the Shares prior to the Announcement
“Latest Acceptance Time”	4:00 p.m. on 27 August 2007 or such other time as Theme and the Underwriter may agree in writing, being the latest time which provisional allotments may be validly accepted as described in the Prospectus
“Latest Practicable Date”	3 August 2007, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular

DEFINITIONS

“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Navigation” or “Underwriter”	Navigation Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company and the underwriter of the Open Offer
“Non-qualifying Shareholder(s)”	Overseas Shareholder(s) to whom, in the Theme Directors’ opinion, Offer Shares may not be offered without compliance with registration and/or other legal or regulatory requirements outside Hong Kong
“Offer Shares”	not more than 2,988,183,199 new Shares to be issued pursuant to the Open Offer
“Open Offer”	the proposed offer of the Offer Shares on the basis of one Offer Share for every two existing Shares held by Qualifying Shareholders at the close of business on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Overseas Shareholder(s)”	those Shareholder(s) having address(es) as shown on the register of members of Theme at the close of business on the Record Date outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by Theme in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Prospectus Posting Date”	13 August 2007, or such other date as Theme and the Underwriter may agree in writing, being the date of despatch of the Prospectus Documents
“Provisional Allotment Letter(s)”	the Provisional Allotment Letter(s) to be used in connection with the Open Offer by the Qualifying Shareholder(s) to accept the provisional allotment(s) of the Offer Shares to them

DEFINITIONS

“Public Shareholders”	Shareholders other than Navigation
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-qualifying Shareholder(s), whose name(s) appear(s) on the register of members of Theme at the close of business on the Record Date
“Record Date”	10 August 2007, or such other date as Theme and the Underwriter may agree in writing, being the record date to determine entitlements to the Open Offer
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of Theme
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the capital of Theme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.06 per Offer Share
“Theme”	Theme International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange, and a subsidiary of the Company
“Theme Board”	the board of directors of Theme
“Theme Directors”	the directors of Theme
“Theme Group”	Theme and its subsidiaries
“Trading Day”	a day on which the Stock Exchange is open for trading
“Underwriting Agreement”	the agreement dated 16 July 2007 between Navigation and Theme in relation to the underwriting and other arrangements in respect of the Open Offer
“Underwriting Arrangement”	the undertaking of Navigation to take up its entire entitlements of the Offer Shares under and the underwriting of the Underwritten Shares of the Open Offer by Navigation

DEFINITIONS

“Underwritten Shares”	no more than 1,460,444,352 Offer Shares that the Underwriter has agreed to subscribe or procure subscribers to subscribe for if untaken by the Qualifying Shareholders (other than Navigation) at the Subscription Price pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



High Fashion International limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

Executive Directors:

Mr. Lam Foo Wah (*Chairman and Managing Director*)

Ms. So Siu Hang, Patricia

Non-Executive Directors:

Mr. Chan Wah Tip, Michael

Professor Yeung Kwok Wing

Independent Non-Executive Directors:

Mr. Woo King Wai

Mr. Wong Shiu Hoi, Peter

Mr. Leung Hok Lim

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of
business in Hong Kong:*

11th Floor

High Fashion Centre

1-11 Kwai Hei Street

Kwai Chung

New Territories

Hong Kong

8 August 2007

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

UNDERWRITING ARRANGEMENT FOR PROPOSED OPEN OFFER OF THEME

INTRODUCTION

Reference is made to the Announcement which states that Navigation, a wholly-owned subsidiary of the Company, has entered into the Underwriting Agreement with Theme in respect of a proposed Open Offer of Offer Shares on the basis of one Offer share for every two existing Shares held by Qualifying Shareholders as at the close of business on the Record Date. As stated in the Announcement, the Open Offer is expected to raise approximately HK\$179 million before expenses at the Subscription Price of HK\$0.06 per Offer Share.

Pursuant to the Underwriting Agreement, Navigation has agreed to subscribe or procure subscribers for the Underwritten Shares that are not subscribed for by the Qualifying Shareholders at the Subscription Price. The aggregate value of such Offer Shares amounts to approximately HK\$88 million.

LETTER FROM THE BOARD

Navigation has also undertaken to Theme that it will subscribe for its entire entitlements under the Open Offer.

Navigation is a controlling shareholder of Theme holding approximately 51.13% of the existing issued share capital of Theme and in the event that Navigation is called upon to subscribe for the Offer Shares and to meet all its underwriting commitment under the Underwriting Arrangement, the aggregate interests of Navigation in Theme will increase to approximately 67.42% of Theme's issued share capital as enlarged by the issue of the Offer Shares.

The possible acquisition by Navigation of an interest in Theme pursuant to the Underwriting Arrangement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide further information on the Underwriting Arrangement and other information relating to the Group.

INFORMATION RELATING TO THE OPEN OFFER

Basis of the Open Offer:	one Offer Share for every two existing Shares held by Qualifying Shareholders at the close of business on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date:	5,976,366,398 Shares
Number of authorised Shares as at the Latest Practicable Date:	50,000,000,000 Shares
Number of Offer Shares:	2,988,183,199 Offer Shares
Underwriter:	Navigation
Subscription Price for Offer Shares:	HK\$0.06 per Offer Share

Under the Open Offer, 2,988,183,199 Offer Shares would be allotted, representing 50% of the existing issued share capital of Theme as at the Latest Practicable Date and approximately 33% of the issued share capital of Theme as enlarged by the issue of 2,988,183,199 Offer Shares. There are no outstanding options, warrants, convertible notes or other rights to subscribe for Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

SUBSCRIPTION PRICE FOR THE OFFER SHARES

The Subscription Price of HK\$0.06 per Offer Share will be payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 55.2% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 52.2% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 53.2% to the average closing price of HK\$0.1281 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 61.7% to the average closing price of HK\$0.1568 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 45.1% to the theoretical ex-right price of HK\$0.1093 based on the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 50% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (vii) a premium of approximately 606% over the audited consolidated net assets value (excluding minority interests) per Share of approximately HK\$0.0085 as at 31 December 2006.

The Subscription Price was arrived at with reference to the market price of the Shares under the prevailing market conditions and was agreed on an arm's length basis between Theme and the Underwriter. The Theme Directors consider the Subscription Price and the rate of discount to the closing price on the Last Trading Day to be fair and reasonable and in the interests of Theme and the Shareholders as a whole.

Application for Listing

Theme will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealing in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duties and relevant trading fees and Securities and Futures Commission transaction levy in Hong Kong.

LETTER FROM THE BOARD

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon, among other things, fulfillment of each of the following:

1. the delivery to the Stock Exchange and filing and registration of all documents relating to the Open Offer required by the applicable laws and the Listing Rules to be filed and/or registered, with the Registrar of Companies in Hong Kong and Bermuda respectively;
2. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of letters from Theme accompanied by the Prospectus for information only to the Non-qualifying Shareholders (as the case may be) on or before the Prospectus Posting Date;
3. the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Offer Shares either unconditionally or subject to such conditions as Theme may accept;
4. compliance with and performance of all the undertakings and obligations of Theme under the Underwriting Agreement;
5. compliance with and performance of all the undertakings and obligations of Navigation under the Underwriting Agreement; and
6. the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter in accordance with the terms thereof.

If any of the conditions of the Open Offer is not fulfilled by or at the time and/or date specified thereof (or if no time or date is specified, 4:00 p.m. on the third Business Day following the Latest Acceptance Time, or such other time as may be agreed between the Underwriter and Theme), or shall become incapable of being fulfilled on or before such time, or the Underwriting Agreement is terminated by the Underwriter by written notice to Theme, in which cases the Open Offer will not proceed.

LETTER FROM THE BOARD

UNDERWRITING ARRANGEMENT

Any Offer Share not taken up by the Qualifying Shareholders, other than Navigation will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

Terms of the Underwriting Agreement

Date:	16 July 2007
Issuer:	Theme
Underwriter:	Navigation
Number of Underwritten Shares:	No more than 1,460,444,352 Offer Shares
Commission:	2.0% of the aggregate Subscription Price in respect of the total number of the Offer Shares to be underwritten by the Underwriter. Total commission payable to the Underwriter will be approximately HK\$1,752,533 based on 1,460,444,352 Underwritten Shares

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers for the Underwritten Shares that are not subscribed for by the Public Shareholders at the Subscription Price. The aggregate value of such Offer Shares amounts to approximately HK\$88 million.

As (i) no connected person(s) of the Company (other than at the level of its subsidiaries) as defined under Rules 14A.11(1) to (4) of the Listing Rules is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of Theme; and (ii) Theme is not an associate of a person referred to in Rules 14A.11(1), (2) or (3) of the Listing Rules, Theme is not a connected person of the Company under Rule 14A.11(5) or (6) of the Listing Rules.

LETTER FROM THE BOARD

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement is conditional on, among others:

- (a) the issue of the Announcement;
- (b) the filing with and registration of the Prospectus (with all documents required to be attached thereto by section 342C of the Companies Ordinance), the Provisional Allotment Letter and the Excess Application Form (all having been duly authorised for registration by the Stock Exchange and signed by two Theme Directors or by their agents authorised in writing pursuant to section 342C of the Companies Ordinance) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Prospectus Posting Date;
- (c) the filing with and registration of the Prospectus Documents by the Registrar of Companies in Bermuda in accordance with the Companies Act by no later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Offer Shares (in their fully paid form) on or before the Latest Acceptance Time; and (ii) not having withdrawn or revoked such listing and permission before 4:00 p.m. on the third Business Day after the Latest Acceptance Time;
- (f) Navigation having duly executed and delivered an undertaking to Theme to take up (or procure to be taken up) its entire entitlements under the Open Offer and the representations and warranties therein being true and accurate in all material respects and the obligations and undertakings thereunder having been performed and complied with in all respects up to and including the Latest Acceptance Time;
- (g) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and
- (h) trading in the Shares on the Stock Exchange not being suspended for more than five consecutive Business Days at any time prior to the Latest Time for Termination (excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer).

LETTER FROM THE BOARD

If the conditions referred to above are not fulfilled or waived in all respects by or at the time and/or date(s) specified therefor (or, if no time or date is specified, by 4:00 p.m. on the 30 August 2007 or such other time as may be agreed between the Underwriter and Theme), the Underwriting Agreement shall terminate and the Open Offer will not proceed. In case the Open Offer does not proceed, Theme will not be liable for the underwriting commission but will continue to be liable for other costs and expenses in accordance with the terms of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If at any time on or before the 4:00 p.m. on the third Business Day after the Latest Acceptance Time one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise, exist, or come into effect:

- (a) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any of the representations and warranties given by Theme under the Underwriting Agreement was untrue, inaccurate misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Theme Group as a whole or is otherwise likely to have a material and adverse effect on the Open Offer; or
- (b) Theme commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (c)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
 - (iii) any change in local, national or international equity securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);

LETTER FROM THE BOARD

- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Theme Group or a material proportion of the shareholders in their capacity as such;
- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of five business days;
- (vii) any change occurs in the circumstances of the Company or any member of the Theme Group,

which event or events is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of Theme or the Theme Group; or
- (ii) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares to be taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

For the purposes above, but without limiting the generality of the foregoing:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America shall be an event resulting or likely to result in a change in a currency nature; and
- (b) volatility in market conditions in Hong Kong or elsewhere on or before or after the date of the Underwriting Agreement shall be a factor in determining whether there has been or there is likely to be an occurrence or change in market conditions.

Upon the giving of termination notice by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, provided however that Theme shall remain liable to pay the Underwriter such costs and expenses as specified under the Underwriting Agreement and provisions thereunder which are expressed to survive termination shall remain in full force and effect.

LETTER FROM THE BOARD

Undertakings from Navigation

As at the Latest Practicable Date, Navigation, a wholly-owned subsidiary of the Company, is interested in 3,055,477,694 Shares, representing approximately 51.13% in the issued share capital of Theme.

Navigation has irrevocably undertaken that, subject to the conditions of the Open Offer being fulfilled, all Shares directly owned by it will remain registered in its name from the date of the undertaking to the Record Date and that it will subscribe for 1,527,738,847 Offer Shares that will be allotted to it as the holders of such Shares pursuant to the Open Offer. The amount payable by Navigation for the subscription for 1,527,738,847 Offer Shares will be approximately HK\$91 million.

As at the Latest Practicable Date, other than the above mentioned undertakings, Theme has not received any undertaking provided by any other Shareholders to subscribe for his/her/its entitlement under the Open Offer.

Reasons for entering into the Underwriting Arrangement by the Company

Navigation is an investment holding company formed for the sole purpose of holding the Company's investments in Theme. Whilst it is not in the ordinary course of business of Navigation to act as an underwriter, the Directors consider that the underwriting of the Open Offer by Navigation would enable Navigation and the Company to maintain and enhance the value of their investments in Theme. The Underwriting Arrangement will ensure that the Open Offer will be fully subscribed for, and this will in turn enable Theme to strengthen its capital base and financial position and to further its business development.

The Company has been supportive to the development of Theme. The Company has been extending financial assistance to Theme since the Company acquired control of Theme in 2000. The Company subscribed for the HK\$66 million convertible notes of Theme in the same year. During the period from 2000 to 2004, the Company granted several loan facilities totalled HK\$100 million to Theme, of which HK\$45 million was waived by the Company in November 2004.

The Directors believe that the business of Theme has been progressing in recent months. Theme has recently acquired its own head office properties in Shenzhen in 2006 for a consideration of HK\$46 million, which is intended to form part of a stronger operation base from which Theme will be able to expand its business in the PRC at an accelerated rate. The net proceeds from the Open Offer will be a timely injection of financial resources for Theme. In light of the aforesaid, the Directors consider that the entering into the Underwriting Arrangement by Navigation is in the best interest of the Company and its shareholders as a whole.

Based on the reasons as stated above, the Directors consider that the terms of the Underwriting Arrangement are on normal commercial terms and are fair and reasonable so far as the Company and the shareholders of the Company as a whole are concerned.

LETTER FROM THE BOARD

EFFECTS OF THE UNDERTAKING ARRANGEMENT

The following table sets out the changes in the shareholding structure of Theme arising from the Open Offer:

Shareholder	As at the latest Practicable Date		Immediately after completion of the Open Offer (Note 1)		Immediately after completion of the Open Offer (Note 2)	
	No. of Shares	Approximate percent (%)	No. of Shares	Approximate percent (%)	No. of Shares	Approximate percent (%)
Navigation (Note 3)	3,055,477,694	51.13	4,583,216,541	51.13	6,043,660,893	67.42
Public Shareholders	<u>2,920,888,704</u>	48.87	<u>4,381,333,056</u>	48.87	<u>2,920,888,704</u>	32.58
Total	<u><u>5,976,366,398</u></u>	100.00	<u><u>8,964,549,597</u></u>	100.00	<u><u>8,964,549,597</u></u>	100.00

Notes:

1. Assuming all Shareholders take up their respective allotment of the Offer Shares in full
2. Assuming (i) no Public Shareholders take up any of the Offer Shares; and (ii) all remaining Offer Shares are taken up by Navigation
3. Navigation is a wholly-owned subsidiary of the Company

In the event that Navigation is required to fulfill its entire obligations under the Underwriting Arrangement, the aggregate interests of Navigation in Theme will increase from approximately 51.13% as at the Latest Practicable Date to approximately 67.42% of the issued share capital of Theme as enlarged by the issue of Offer Shares and the maximum amount payable by Navigation under the Underwriting Arrangement will be approximately HK\$179 million.

Upon completion of the Open Offer, Theme will continue to be a subsidiary of the Company.

LETTER FROM THE BOARD

EXPECTED TIMETABLE OF THE OPEN OFFER AND UNDERWRITING ARRANGEMENT

Last day of dealings in existing Shares on a cum-entitlement basis	Thursday, 2 August 2007
Commencement date of dealings in existing Shares on ex-entitlement basis	Friday, 3 August 2007
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:00 p.m. on Monday, 6 August 2007
Register of members of Theme to be closed (both days inclusive)	Tuesday, 7 August 2007 to Friday, 10 August 2007
Record Date	Friday, 10 August 2007
Register of members of Theme to be opened	Monday, 13 August 2007
Prospectus Documents despatched on	Monday, 13 August 2007
Latest time for acceptance of, and payment for Offer Shares and application for excess Offer Shares	4:00 p.m. on Monday, 27 August 2007
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Thursday, 30 August 2007
Announcement of results of Open Offer on or before	Friday, 31 August 2007
Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares to be despatched on or before	Friday, 31 August 2007
Certificates for Offer Shares expected to be despatched on or before	Friday, 31 August 2007
Dealings in Offer Shares on the Stock Exchange to commence on	Tuesday, 4 September 2007

Dates or deadlines specified above are indicative only and may be varied by agreement between Theme and the Underwriter. Any changes to the expected timetable above will be published or notified to the Shareholders appropriately.

LETTER FROM THE BOARD

GENERAL

Both the Group and the Theme Group are principally engaged in manufacturing, retailing and trading of garments.

The audited financial information of Theme for the two years ended 31 December 2006, as extracted from its annual report, is as follow:

	For the Year ended	
	31 December	
	2006	2005
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net Profit before taxation and finance costs	(598)	(784)
Net Profit before taxation and extraordinary items	(6,698)	(4,472)
Net Profit after taxation and extraordinary items	(6,581)	(4,031)
	As at 31 December	
	2006	2005
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Total Asset	235,766	149,041
Total Equity	51,648	53,355

Theme suffered a heavy burden of finance cost, which is evidenced by the fact that Theme recorded only a net loss before taxation and finance cost of HK\$598,000 and HK\$784,000 for the years ended 31 December 2006 and 31 December 2005 respectively, and a net loss after finance cost but before taxation of HK\$6,698,000 and HK\$4,472,000 for the years ended 31 December 2006 and 31 December 2005 respectively. The net loss recorded by Theme in both years ended 31 December 2006 and 31 December 2005 were largely attributed by the operation in Taiwan. However, the Theme Directors consider that, having regard to the prevailing retail market condition in Taiwan, the business performance on the Taiwan operation is likely to improve in foreseeable future. With the proceeds received from the Open Offer, the burden of finance cost for Theme will be significantly reduced. Coupled with the other factors as set out in this Circular, the Directors therefore consider that the Open Offer and the Underwriting Arrangement are in the best interests of the shareholders of the Company.

Theme has not engaged in any equity fund raising exercise during the 12 months immediately preceding the date of this announcement other than the conversion of convertible note of Theme in May 2007 which was detailed in the joint announcement of the Company and Theme dated 30 May 2007.

As Theme is and will continue to be a subsidiary of the Company, there is no effect on the assets, earning or liabilities of the Company upon Completion of the Open Offer.

LETTER FROM THE BOARD

The Prospectus Documents containing details of the Open Offer, and financial and other information on the Theme Group will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-qualifying Shareholders for information only as soon as practicable.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendix to this circular.

Yours faithfully,
By order of the Board
High Fashion International Limited
Cynthia Chan
Company Secretary

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other matters the omission of which would make any statement in this circular misleading.

DISCLOSURE OF INTERESTS**(a) Disclosure of interests by Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the 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 or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO were as follows:

(i) Long position in the shares of the Company

Name of Directors	<i>Note(s)</i>	Capacity	Nature of interests	Number of Shares held	Approximate Percentage of the Company's issued capital <i>(Note 3)</i>
Lam Foo Wah	1, 2	Other Interest	Other	143,719,986	43.17%
So Siu Hang, Patricia		Beneficial owner	Personal	2,824,309	0.85%

(ii) Long Position in Shares of Associated Corporation

Name of Director	Note	Name of associated corporation	Relationship with the Company	Capacity	Number of ordinary shares held	Percentage of the associated corporation's issued capital
Lam Foo Wah	4	High Fashion Knitters Limited	Subsidiary	Interest of controlled corporations	5,339,431	35.60%

Notes:

- Mr. Lam Foo Wah is deemed to have an interest in 108,802,419 ordinary shares which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under a related discretionary trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Lam Foo Wah is deemed to have an interest in 34,917,567 ordinary shares which are beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under a related discretionary trust. Mr. Lam is regarded as a founder of the trust.
- The issued share capital of the Company is 332,925,550 shares as at the Latest Practicable Date.
- These shares are held through three companies beneficially owned by Mr. Lam Foo Wah.

(iii) Short position in shares and underlying shares of the Company and associated corporations

As at the Latest Practicable Date, none of the directors and chief executive of the Company or their associates had any short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(iv) Interest in share options

Name or Category of Participant	Date of share options granted	Exercise price per Share	Number of Shares		
			At 1 January 2007	Exercised during the period	Outstanding as at the Latest Practicable Date
Director: So Siu Hang,					
Patricia	5 May 1999	0.505	720,000	720,000	-
Other employees	5 May 1999	0.505	300,000	300,000	-
			<u>1,020,000</u>	<u>1,020,000</u>	<u>-</u>

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company nor their associates had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the above mentioned Mode Code of the Listing Rules.

(b) Disclosure of interests by Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (not being a Director or chief executive of the Company), had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the shares:

Name of Shareholders	Notes	Capacity	Number of ordinary shares held	Approximate Percentage of the Company's issued share capital
Hinton Company Limited	1	Beneficial owner	108,802,419	32.68%
Veer Palthe Voute NV ("VPV")	2	Investment manager	49,337,000	14.82%
Dresdner Bank Aktiengesellschaft ("DBAG")	2	Interest of controlled corporations	49,337,000	14.82%
Allianz Aktiengesellschaft ("AAG")	2	Interest of controlled corporations	49,337,000	14.82%
High Fashion Charitable Foundation Limited	1	Beneficial owner	34,917,567	10.49%

Notes:

- Such interests have been disclosed as interests of Mr. Lam Foo Wah in the "Disclosure of interests by Directors" above.
- 49,337,000 ordinary shares are held directly by VPV, of which is indirectly controlled by AAG and DBAG and therefore are deemed to have an indirect interest in the 49,337,000 ordinary shares.
- The issued share capital of the Company is 332,925,550 shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company, whose interests are set out in the section "Disclosure of interests by Directors" above) who had registered an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation, other than statutory compensation).

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates has any interests in a business which competes or may compete with, or is similar to, the business of the Group.

GENERAL

- (a) The company secretary of the Company is Ms. Chan Wai Wei, Cynthia who is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (b) The qualified accountant of the Company is Mr. Lin Yuet Man, Edwin, who is a member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Company Chartered Secretaries and The Institute of Chartered Secretaries & Administrators.
- (c) The registered office of the Company is situate at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

- (d) The head office and principal place of business of the Company in Hong Kong is situate at 11th Floor, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.
- (e) The principal share registrar and transfer office of the Company is Westbroke Limited whose office is situate at Clarendon House, Church Street, Hamilton HM11, Bermuda. The Hong Kong branch share registrar and transfer office of the Company is Secretaries Limited whose office is situate at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.