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If you are in doubt as to any aspect of this document 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.

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No Shareholder receiving a copy of this document and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.



High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

Executive Directors:

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

Ms. So Siu Hang, Patricia

Mr. Lam Gee Yu, Will

Mr. Lam Din Yu, Well

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

Mr. Chan Wah Tip, Michael

Professor Yeung Kwok Wing

Principal Place of Business

in Hong Kong:

11th Floor, High Fashion Centre

1-11 Kwai Hei Street

Kwai Chung, New Territories

Hong Kong

Independent Non-executive Directors:

Mr. Woo King Wai

Mr. Wong Shiu Hoi, Peter

Mr. Leung Hok Lim

17 June 2014

To the Shareholders

Dear Sir/Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2013**

INTRODUCTION

On 26 March 2014, the Board of Directors (the “**Board**”) of High Fashion International Limited (the “**Company**”) that the Board had recommended a final dividend for the year ended 31 December 2013 (the “**Final Dividend**”) of 15 HK cents per share of the Company (the “**Share**”) to be payable to shareholders of the Company (the “**Shareholder(s)**”) whose names

appear on the register of members of the Company as at the close of business on Friday, 13 June 2014 (the “**Record Date**”). The Final Dividend is to be payable in cash, with an option to receive, wholly or partly, new and fully paid shares of the Company in lieu of cash under a scrip dividend scheme (the “**Scrip Dividend Scheme**”) as more particularly described below.

The purpose of this document is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder has the following alternative choices in respect of the Final Dividend:

- (a) cash of 15 HK cents per Share; or
- (b) an allotment of new shares in the capital of the Company (the “**New Shares**”) credited as fully paid and having an aggregate market value (as defined below) equals to, save for adjustment for fractions, the total amount of Final Dividend which such Shareholder could elect to receive in cash in respect of HK\$0.15 per share; or
- (c) partly cash and partly New Shares.

The number of Shares in issue as at the Record Date is 297,213,550. As such, the maximum number of New Shares to be issued would be 14,617,059. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing issued Shares except that they shall not rank for the Final Dividend.

BASIS OF ALLOTMENT OF THE NEW SHARES

For the purpose of calculating the number of New Shares to be allotted, the market value of a New Share has been determined at HK\$3.05 per Share, which is the average of the closing prices of the Shares quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days ended on the Record Date. Accordingly, the number of New Shares which the Shareholders will receive, in respect of their shareholdings as at the Record Date under the Scrip Dividend Scheme will be calculated as follows:

$$\begin{array}{rcl} \text{Number of} & & \text{Number of} & & \text{Final Dividend per Share} \\ \text{New Shares} & = & \text{existing Shares} & \times & \frac{\text{(HK\$0.15)}}{\text{Market Value per Share}} \\ \text{to be received} & & \text{elected for New Shares} & & \text{(HK\$3.05)} \end{array}$$

The last day and time on which Shareholders will be entitled to elect their desired form of the Final Dividend is 4:00 p.m. on Thursday, 3 July 2014. The number of New Shares to be received will be rounded down to the nearest whole number of the New Shares. Fractional entitlements to New Shares in respect of alternatives (b) and (c) above will be disregarded and the benefit thereof will accrue to the Company.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fee, stamp duty or dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders do not elect to receive cash in lieu of New Shares, in whole or in part, such cash as would otherwise have been paid to Shareholders will be retained for use as working capital by the Company.

ELECTION FORM

A form of election (the “**Election Form**”) is enclosed with this document for use by Shareholders who wish to receive the Final Dividend wholly in New Shares, or partly in cash and partly by the issue of New Shares.

If you wish to receive the Final Dividend wholly in cash, you do not need to take any action and do not need to complete the Election Form.

If you wish to receive the Final Dividend wholly in New Shares, please just sign, date and return the Election Form.

If you wish to receive the Final Dividend partly in cash and partly in New Shares, you should fill in Box C of the Election Form the number of registered Shares you held on the Record Date for which you wish your Final Dividend to be paid in New Shares, then sign, date and return the Election Form.

If you complete the Election Form but do not specify the number of existing Shares in respect of which you wish to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive New Shares in respect of all the Shares of which you were then registered as the holder.

The Election Form should be completed in accordance with the instructions printed thereon and you should lodge the same with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at 22nd Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 3 July 2014.

Election in respect of the Final Dividend cannot be in any way withdrawn, revoked, superseded, or altered after the relevant Election Form is signed and lodged with the Company's branch share registrar in Hong Kong. Failure to complete and return the Election Form will result in your Final Dividend being satisfied in the form of cash. No acknowledgment of receipt of the Election Form will be issued.

The latest time for submission of the Election Form will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning in force in Hong Kong:

- (i) at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 3 July 2014. Instead the deadline for submission of the Election Form will be extended to 5:00 p.m. on the same business day;
- (ii) at any local time between 12:00 noon and 4:00 p.m. on Thursday, 3 July 2014. Instead the deadline for submission of the Election Form will be rescheduled to 4:00 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

OVERSEAS SHAREHOLDERS

The issue of New Shares has not been, and will not be, registered under any applicable securities legislation and/or regulation of any territory outside Hong Kong. The participation in the Scrip Dividend Scheme by overseas Shareholders may be affected by the laws of their relevant jurisdictions. No Shareholders receiving a copy of this document and/or a Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for New Shares unless in the relevant territory such invitation could lawfully be made to him without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. Shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to receive the Final Dividend in the form of an issue of New Shares or if any governmental or other consent is required or other formalities need to be observed, as to the taxation consequences of their decision and as to whether there are any restrictions in relation to future sale of any Shares so acquired. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions. Overseas Shareholders residing in a jurisdiction where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this document and/or Election Form for information only.

This document and the Election Form will not be registered in Hong Kong or in any other jurisdiction. For the avoidance of doubt, this document and the Election Form do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company to the public, and the Election Form is non-transferable.

LISTING AND DEALINGS

The Scrip Dividend Scheme is conditional upon listing approval being granted by the Stock Exchange in respect of the New Shares to be issued pursuant thereto. If the foregoing condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms will be void, and the Final Dividend will then be paid wholly in cash. Application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares. Subject to the said application being granted by the Stock Exchange, it is expected that share certificates for the New Shares and/or dividend warrants for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on or around Friday, 11 July 2014. Dealings of the New Shares on the Stock Exchange are expected to commence on Monday, 14 July 2014 after despatch to Shareholders of the certificates for the New Shares.

The primary listing of the existing Shares is on the Stock Exchange, and there is no official secondary listing of the existing Shares on any other stock exchange. No listing of, or permission to deal in, any of the existing Shares and/or New Shares on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

RECOMMENDATION AND ADVICE

New Shares issued to the Shareholders pursuant to an election to receive some or all of their Final Dividend in New Shares may be allocated in odd lots (of less than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at discount to the price of board lots.

Whether or not it is to the Shareholders' advantages to receive New Shares or cash, in whole or in part, depends upon their own individual circumstances. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. If you are in any doubt as to any aspect of this document, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser. Shareholders who are trustees are recommended to take professional advice as to whether an election to receive New Shares is within their powers and as to the effect of such election having regard to the terms of the relevant trust instrument.

EXPECTED TIMETABLE

Record Date for entitlement to the Final Dividend Friday, 13 June 2014

Last day and time of receipt of Election Form 4:00 p.m. on Thursday,
3 July 2014

Despatch of dividend warrant and share certificate(s)
to all shareholders Friday, 11 July 2014

Commencement of dealings in the New Shares Monday, 14 July 2014

Yours faithfully,
For and on behalf of the Board
High Fashion International Limited
Lam Foo Wah
Chairman & Managing Director