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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.

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High Fashion International limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

DISCLOSEABLE TRANSACTION

ACQUISITION OF SHARES IN THEME

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DEFINITIONS

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

“Acquisition”	the purchase of an aggregate of 107,817,000 Theme Shares conducted on the open stock market in Hong Kong during the period from 28 November 2007 and 26 September 2008 for an aggregate consideration of HK\$38,310,760.40
“Announcement”	the announcement of the Company dated 13 October 2008
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	28 October 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Navigation”	Navigation Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Theme”	Theme International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code 990), and a subsidiary of the Company

DEFINITIONS

“Theme Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of Theme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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

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

31 October 2008

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF SHARES IN THEME

INTRODUCTION

Reference is made to the Announcement which states that Navigation, a wholly owned subsidiary of the Company, acquired approximately 107,817,000 Theme Shares on the stock market at an aggregate consideration of approximately HK\$38 million during the period from 28 November 2007 to 26 September 2008 (both dates inclusive).

As the relevant percentage ratios calculated pursuant to Rule 14.07(4) of the Listing Rules for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to provide further information on the Acquisition and other information relating to the Group.

LETTER FROM THE BOARD

THE ACQUISITION

Dates

During the period from 28 November 2007 and 26 September 2008 (both dates inclusive).

Parties

- (1) Navigation as the Purchaser, a wholly-owned subsidiary of the Company
- (2) Seller(s) in the open stock market

Transactions

Navigation acquired, on the Stock Exchange, an aggregate of 107,817,000 Theme Shares representing approximately 12.027% of the current issued share capital of Theme based on the latest published information of Theme. After the Acquisition, Navigation holds approximately 63.15% of the current issued share capital of Theme.

Consideration

The consideration of the Acquisition ranged from HK\$0.107 to HK\$0.4¹ per Theme Share, and the total consideration was approximately HK\$38.31 million in cash and was satisfied on the respective settlement dates from internal resources.

The consideration per Theme Share was the market rates quoted on the Stock Exchange at the relevant time at which the transactions for the Acquisition were executed.

Subsequent Event

On 24 October 2008, Navigation further acquired 180,000 Theme Shares at HK\$0.067 per Theme Share on the Stock Exchange, which was the market rate quoted on the Stock Exchange at the relevant time at which the transaction was executed. After this further acquisition, Navigation holds approximately 63.17% of the current issued share capital of Theme based on the latest published information of Theme. The Acquisition and the aforesaid further acquisition have no material impact on the consolidated assets or liabilities or consolidated profit attributable to shareholders of the Company.

¹ The actual trading price was HK\$0.04 but the relevant acquisition took place prior to share consolidation, pursuant to which every ten issued shares of Theme of HK\$0.01 each have been consolidated into one Share.

LETTER FROM THE BOARD

Information on Theme

Based on the latest audited consolidated financial statements of Theme, the net asset value of Theme as at 31 December 2006 and 2007 were approximately HK\$50,848,000 and HK\$203,208,000 respectively. The unaudited net asset value of Theme as at 30 June 2008 was approximately HK\$205,670,000.

Based on the latest audited consolidated financial statements of Theme, the net loss after tax and extraordinary items of Theme for the financial year ended 31 December 2006 and 31 December 2007 was approximately HK\$6,581,000 and HK\$25,803,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors are of the view that the stock market conditions over the past 12 months present a good opportunity for acquisition of the Theme Shares to increase the Company's ownership and control in Theme.

The Directors believe the terms of the Acquisition and the subsequent further acquisition, which were all conducted on the open stock market in Hong Kong, to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Company and Theme are principally engaged in manufacturing, retailing and trading of garments.

To the best of the Directors' knowledge, the counterparties of the Acquisition and the subsequent further acquisition are third parties independent of the Company and its connected persons.

REGULATORY ASPECTS

Since one or more of the applicable percentage ratios in respect of the Acquisition and the subsequent further acquisition determined as at 24 October 2008 is/are greater than the 5% threshold for the purposes of Rule 14.07 of the Listing Rules, the Acquisition constituted a discloseable transaction for the Company under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix of 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) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company**

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	44.52%
So Siu Hang, Patricia		Beneficial owner	Personal	2,824,309	0.87%

(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:

1. 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.
2. 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.
3. The issued share capital of the Company is 322,809,550 shares as at the Latest Practicable Date.
4. 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

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) Substantial Shareholders' and other Persons' Interests in Shares and Underlying Shares of the Company

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	Note	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital (Note 3)
Hinton Company Limited	1	Beneficial owner	108,802,419	33.70%
Dresdner VPV N.V. ("VPV")	2	Investment manager	34,531,400	10.70%
Dresdner Bank Aktiengesellschaft ("DBAG")	2	Interest of controlled corporations	34,531,400	10.70%
Allianz SE ("ASE")	2	Interest of controlled corporations	34,531,400	10.70%
High Fashion Charitable Foundation Limited	1	Beneficial owner	34,917,567	10.82%

Notes:

- These 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 of the Company" above. Mr. Lam Foo Wah is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited.
- The 34,531,400 ordinary shares are held directly by VPV, of which is indirectly controlled by ASE and DBAG and therefore are deemed to have an indirect interest in the 34,531,400 ordinary shares.
- The issued share capital of the Company is 322,809,550 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 “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company” 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, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Company Chartered Secretaries and The Institute of Chartered Secretaries & Administrators.
- (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 situated 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 Tricor 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.