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

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High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

**MAJOR TRANSACTION
IN RELATION TO
THE FACADE WORKS CONSTRUCTION CONTRACT**

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DEFINITIONS

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

“Announcements”	the announcement of the Company dated 10 August 2020 and the supplemental announcement dated 13 August 2020 in relation to the Main Structure Construction Contract and the announcement of the Company dated 8 March 2021 in relation to the Facade Works Construction Contract
“Board”	the board of Directors
“Closely Allied Group”	collectively Mr. Lam, Hinton and HF Charitable Foundation
“Company”	High Fashion International Limited (Stock Code: 608), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Development”	the development of commercial properties to be erected on the Land
“Directors”	the directors of the Company
“Facade Works Consideration”	the total consideration payable for services to be obtained under the Facade Works Construction Contract
“Facade Works Construction Contract”	the construction contract dated 8 March 2021 entered into between High Fashion China and Tonglu Liyue in relation to the construction of the facade works on the Land
“Founder”	founder as defined under Part XV of the SFO
“Group”	the Company and its subsidiaries (as amended from time to time)
“HF Charitable Foundation”	High Fashion Charitable Foundation Limited, a company incorporated in the British Virgin Islands with limited liability and a Shareholder

DEFINITIONS

“High Fashion China”	達利(中國)有限公司 (High Fashion (China) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
“Hinton”	Hinton Company Limited, a company incorporated in the British Virgin Islands with limited liability and a Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land located at the south side to No. 8, Qiannong East Road, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC* (中國浙江省杭州市蕭山經濟技術開發區錢農東路8號南側)
“Latest Practicable Date”	15 June 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Structure Construction Contract”	the construction contract dated 10 August 2020 entered into between High Fashion China and Zhejiang Futai in relation to the construction of the main structure on the Land, details of which are set out in the Company’s announcement dated 10 August 2020 and the supplemental announcement dated 13 August 2020
“Mr. Lam”	Mr. Lam Foo Wah, an executive Director and a Shareholder
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tonglu Liyue”	桐廬利越建設有限公司 (Tonglu Liyue Construction Co., Ltd.*), a company established in the PRC with limited liability
“Transaction”	the transaction(s) contemplated under the Facade Works Construction Contract
“Zhejiang Futai”	浙江富泰建設有限公司 (Zhejiang Futai Construction Company Limited*), a company established in the PRC with limited liability
“%”	per cent

* *for identification purposes only*

LETTER FROM THE BOARD



High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

Executive Directors:

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Gee Yu, Will (*Managing Director*)
Mr. Lam Din Yu, Well (*Managing Director (China)*)
Ms. So Siu Hang, Patricia

Registered Office:

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Non-executive Director:

Mr. Hung Ka Hai, Clement

Principal Place of Business

in Hong Kong:

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

Independent Non-executive Directors:

Professor Yeung Kwok Wing
Mr. Leung Hok Lim
Mr. Chung Kwok Pan

18 June 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE FACADE WORKS CONSTRUCTION CONTRACT**

INTRODUCTION

Reference is made to the Announcements in relation to the Main Structure Construction Contract and the Facade Works Construction Contract and the transactions contemplated thereunder respectively.

LETTER FROM THE BOARD

On 8 March 2021, High Fashion China entered into the Facade Works Construction Contract with Tonglu Liyue, pursuant to which Tonglu Liyue undertakes to provide the facade construction works on the Land to High Fashion China at the consideration of approximately RMB39,973,000 (tax inclusive) (equivalent to approximately HK\$47,775,700**), subject to adjustment based on actual work undertaken.

As the Main Structure Construction Contract and the Facade Works Construction Contract involve the development of the same commercial properties to be erected on the Land and form a series of transactions conducted within the past 12-month period, the Facade Works Construction Contract is required to be aggregated with the Main Structure Construction Contract pursuant to Rule 14.22 of the Listing Rules. Upon aggregation of the Main Structure Construction Contract and the Facade Works Construction Contract, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 25% but all such percentage ratios are less than 100%. The Facade Works Construction Contract (when considered in aggregate with the Main Structure Construction Contract) therefore constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other matters, further details of the Facade Works Construction Contract and other information as required under the Listing Rules.

THE FACADE WORKS CONSTRUCTION CONTRACT

Date

8 March 2021

Parties

- (1) High Fashion China; and
- (2) Tonglu Liyue

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tonglu Liyue and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules), and as at the Latest Practicable Date, Tonglu Liyue is 100% owned by Song Jianer (宋建兒).

LETTER FROM THE BOARD

Scope of construction and completion

Pursuant to the Facade Works Construction Contract, Tonglu Liyue shall be responsible for the facade construction works (外立面工程) in relation to the Development, namely development of commercial properties to be erected on a piece of land of the Group located at the south side to No. 8, Qiannong East Road, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC* (中國浙江省杭州市蕭山經濟技術開發區錢農東路8號南側), as stated in the relevant blueprints in the Facade Works Construction Contract, including but not limited to aluminium windows and facades (外立面鋁合金門窗), roof finishes (屋面飾面), canopies (雨篷) and curtain walls (幕牆).

The construction works contemplated under the Facade Works Construction Contract are expected to be completed within 730 days from the date of commencement of the construction works under the Facade Works Construction Contract.

Consideration

The Facade Works Consideration payable by High Fashion China pursuant to the Facade Works Construction Contract is approximately RMB39,973,000 (tax inclusive) (equivalent to approximately HK\$47,775,700**), subject to adjustment based on the actual work undertaken, in particular changes in design (if any). The Company considers that the adjustment terms in the Facade Works Consideration Contract are customary in construction contract of a similar nature and that the Company will monitor the amount of such adjustment (if any) and where necessary, comply with the requirements under Chapter 14 of the Listing Rules.

An independent construction and property consultancy was engaged by High Fashion China as consultant quantity surveyor for the Development. After a selective tendering process, the Facade Works Construction Contract was awarded to Tonglu Liyue after an objective evaluation by High Fashion China of the experience and competency of Tonglu Liyue, the expected scope and complexity of the construction works to be carried out, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out construction works of comparable scale and complexity, taking into account the market perception of High Fashion China's management and the professional input from the consultant quantity surveyor.

LETTER FROM THE BOARD

Payment terms

The Facade Works Consideration of approximately RMB39,973,000 (tax inclusive) (equivalent to approximately HK\$47,775,700**), subject to adjustment based on the actual work undertaken, shall be settled by High Fashion China in the following manner:

- (1) High Fashion China shall pay a deposit to Tonglu Liyue, being 6% of the Facade Works Consideration in accordance with the Facade Works Construction Contract upon its receipt of a performance guarantee letter amounting to 6% of the Facade Works Consideration as provided by Tonglu Liyue to the satisfaction of High Fashion China;
- (2) in the course of the construction works, High Fashion China shall pay Tonglu Liyue monthly based on 76% of the assessed value of the construction works completed in that month;
- (3) up to 90% of the assessed value of the construction works will be paid upon completion and satisfactory inspection of the construction works;
- (4) after completion of the settlement procedures, up to 97% of the settlement price will be paid; and
- (5) the remaining balance of 3% of the settlement price will be held up as retention monies and will be paid after expiry of the warranty period following completion and acceptance of the construction works.

The Facade Works Consideration will be settled from internal resources and/or bank borrowings of the Group.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the manufacturing, retailing and trading of garments, as well as property investment and development.

High Fashion China, a company established in the PRC with limited liability, is principally engaged in the manufacturing and trading of garments, and property leasing. As at the Latest Practicable Date, High Fashion China is an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

INFORMATION ON TONGLU LIYUE

Tonglu Liyue is a company established in the PRC with limited liability. Its principal business activities include construction contracting, municipal public construction contracting, interior and exterior decoration construction works, landscaping construction works and water and electricity supply installation works.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group intends to increase the scale and profitability of its property business through the commercial units to be developed on the Land which can also generate synergies with other existing properties of the Group adjacent to the Land, in particular the main production site of the Group situated across the Land. The Group anticipates that the Development will attract new and existing customers and suppliers of the Group as well as various business partners of the Group to become tenants of the Development and thereby generate new business opportunities to the Group's manufacturing sector. The Transaction and the Development as a whole are therefore considered by the Directors to be in line with the Group's existing business strategy and represents a desirable step forward in the pursuit of the Group's future business development opportunities.

As a legally qualified construction company with a good reputation, Tonglu Liyue has been selected through a tender process, and is able to provide High Fashion China with related construction services for the facade works so as to justify the construction requirements of the new commercial units.

The Board considers that the Facade Works Construction Contract has been entered into on normal commercial terms which are fair and reasonable. The Transaction contemplated thereunder is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Main Structure Construction Contract and the Facade Works Construction Contract involve the development of the same commercial properties to be erected on the Land and form a series of transactions conducted within the past 12-month period, the Facade Works Construction Contract is required to be aggregated with the Main Structure Construction Contract pursuant to Rule 14.22 of the Listing Rules.

LETTER FROM THE BOARD

Upon aggregation of the Main Structure Construction Contract and the Facade Works Construction Contract, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 25% but all such percentage ratios are less than 100%. The Facade Works Construction Contract (when considered in aggregate with the Main Structure Construction Contract) therefore constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Facade Works Construction Contract, a written Shareholders' approval (from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting) may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

The Closely Allied Group, holding 211,719,361 Shares in aggregate, representing approximately 69.28% of the total issued Shares and voting rights in the Company as at the Latest Practicable Date, has given its written approval for the Facade Works Construction Contract. Accordingly, written approval from the Closely Allied Group will be accepted in lieu of holding a general meeting of the Company for the approval of the Facade Works Construction Contract.

The breakdown of the Closely Allied Group's direct shareholding in the Company as at the Latest Practicable Date was as follows:

Name of Shareholders	Number of Shares	Approximate % of the Company's issued Share capital
Lam Foo Wah	1,789,901	0.59%
Hinton Company Limited	164,777,620	53.92%
HF Charitable Foundation	45,151,840	14.77%

The Closely Allied Group would together be regarded as "acting in concert" for the purposes of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, given that Hinton and HF Charitable Foundation are companies controlled by the related trusts of Mr. Lam. Hinton is wholly-owned by the trustee of The Lam Foo Wah 1992 Trust, a discretionary trust of which Mr. Lam is the Founder. HF Charitable Foundation is wholly-owned by the trustee of High Fashion Trust, a discretionary trust of which Mr. Lam is also the Founder. In addition, Mr. Lam and his sons (Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well) are directors of both Hinton and HF Charitable Foundation.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF ENTERING INTO THE FACADE WORKS CONSTRUCTION CONTRACT

As mentioned above, the Facade Works Consideration will be settled in cash by way of utilizing internal resources and bank borrowing of the Group. Following completion of the Facade Works Construction Contract and without taking into account of any appreciation of the Group's investment properties, the total of the fixed assets and investment properties of the Group is expected to increase by approximately the same amount as the Facade Works Consideration. On the other hand, the Facade Works Construction Contract is partly financed by bank borrowing and thus the total liabilities of the Group will be increased by an amount equal to the amount of the said bank borrowing. The net asset value of the Group is expected to remain at a similar level without material changes as the increase in the total of fixed assets and investment properties will be offset by the decrease in bank balances and cash and increase in bank borrowings. Other than the revaluation impact of the Land, the Group does not expect the Facade Works Construction Contract to have any immediate material impact upon the earnings of the Group.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board of
High Fashion International Limited
Lam Gee Yu, Will
Executive Director & Managing Director

* *for identification purposes only*

** *for the purpose of this circular, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.1952*

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 is disclosed in the annual reports of the Company for the three years ended 31 December 2018, 2019 and 2020 of the Company respectively, and are incorporated by reference into this circular. All of the abovementioned annual reports are available on the Company's website at <http://www.highfashion.com.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk>.

The following is the hyperlink to the 2018 annual report of the Company published on 29 April 2019 with its audited consolidated financial statements for the year ended 31 December 2018 on pages 45 to 164:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904291654.pdf>

The following is the hyperlink to the 2019 annual report of the Company published on 28 April 2020 with its audited consolidated financial statements for the year ended 31 December 2019 on pages 49 to 160:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802669.pdf>

The following is the hyperlink to the 2020 annual report of the Company published on 29 April 2021 with its audited consolidated financial statements for the year ended 31 December 2020 on pages 48 to 160:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900951.pdf>

2. INDEBTEDNESS

As at the close of business on 30 April 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had the following bank and other borrowings:

	<i>HK\$'000</i>
Secured and guaranteed bank borrowings	1,176,560
Unsecured and guaranteed bank borrowings	540,842
Secured finance lease liabilities	<u>25,423</u>
	<u>1,742,825</u>
Unsecured amount due to an associate	<u>583</u>

The Group's bank and other borrowings amounting to approximately HK\$1,175,000 were secured by the pledge of certain of the Group's property, plant and equipment and investment properties.

3. WORKING CAPITAL STATEMENT

The Directors, having made due and careful enquiry, are of the opinion that taking into account the Facade Works Construction Contract and the Group's available financial resources, including internally generated revenue and funds, banking facilities, successful renewal of existing banking facilities upon expiry, and cash on hand, the Group has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. FINANCIAL AND OPERATIONAL PROSPECTS OF THE GROUP

As disclosed in the Company's annual results for the year ended 31 December 2020, the Group is strongly determined to seek for opportunities under the vigorously changing circumstances. In response to the changing market needs, the Group swiftly shifted its market development focus to the Asia-Pacific and the domestic market in the PRC. Through ample resources injected to product development, we are able to create innovative products that are unique to the Group. Sustainability enhancement and advancement is one of our commitments in carrying on our business, management and staff are working hard to achieve the Group's major sustainability goals of better products, lower impacts and better workplace. The Group has also been promoting the application of information technology in the business. The implementation of Industrial 4.0 has enabled the Group to improve our supply chain efficiency and management through digitalization, resulting in more streamlined and flexible business processes. This has empowered the Group to offer the best service solutions to the customers and improved the Group's competitiveness in target markets tremendously.

The Group has remarkable breakthroughs in its real estate projects. With the completion of the revitalization project over the Group's self-owned property in Hong Kong and the development of a quality portfolio of property projects in the PRC including the Land under this Facade Works Construction Contract. These real estate projects are bringing to the Group recurring income stream as well as the year-over-year progressive value appreciation. With the attainment of development milestones of each project, the property business will serve as additional growth driver for the Group with continuous enhancement in long-term Shareholders' value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company 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) (i) which were required to be 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

Long Positions in Shares of the Company

(i) *Ordinary Shares of the Company*

Name of Directors	Capacity	Nature of interests	Number of ordinary shares held	% of the Company's issued share capital (Note 3)
Lam Foo Wah	Beneficial owner	Personal	1,789,901	0.59%
		Other interest	209,929,460	68.69%
		(Notes 1 and 2)		
		Total:	<u>211,719,361</u>	<u>69.28%</u>
So Siu Hang, Patricia	Beneficial owner	Personal	2,963,207	0.97%

(ii) Share options granted by the Company

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

(iii) Long positions in ordinary shares of associated corporation

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

Notes:

- (1) Mr. Lam Foo Wah is deemed to have interests in 164,777,620 Shares which are beneficially owned by Hinton, the entire issued share capital of which is held under The Lam Foo Wah 1992 Trust. Mr. Lam is regarded as a Founder of the trust.
- (2) Mr. Lam Foo Wah is deemed to have interests in 45,151,840 Shares which are beneficially owned by HF Charitable Foundation, the entire issued share capital of which is held under High Fashion Trust. Mr. Lam is regarded as a Founder of the trust.
- (3) The issued Share capital of the Company is 305,615,420 Shares as at the Latest Practicable Date.
- (4) These shares are held through three companies beneficially owned by Mr. Lam Foo Wah.
- (5) The issued share capital of High Fashion Knitters Limited is 15,000,000 shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or 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 of the Listing Rules.

Mr. Lam Foo Wah, Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well are directors of both Hinton and HF Charitable Foundation, which have interests in the Shares or underlying Shares 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.

(b) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, the following substantial Shareholders (other than Directors and chief executives of the Company) had, or were deemed to have, the interests in the Shares which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO which have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares of the Company

Name of Shareholders	Capacity	Number of Shares	% of the Company's issued share capital (Note 3)
Leung Shuk Bing	Interest of spouse	211,719,361 (Note 1)	69.28%
Hinton	Beneficial owner	164,777,620 (Note 2)	53.92%
HF Charitable Foundation	Beneficial owner	45,151,840 (Note 2)	14.77%

Notes:

- (1) Ms. Leung Shuk Bing is the spouse of Mr. Lam Foo Wah and is deemed to have interests in 211,719,361 Shares.

(2) Such interests have been disclosed as the 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 and its associated corporations” above.

(3) The issued share capital of the Company is 305,615,420 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons (other than Directors and chief executives of the Company) or corporation who had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group’s business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the issue of this circular, and which are or may be material:

- (a) the Main Structure Construction Contract; and
- (b) the Facade Construction Works Contract.

7. LITIGATION

The following are the litigation or claims of material importance pending or threatened against the members of the Group:

- (a) Reference to the legal proceedings started from June 2016 in respect of the customs investigation, a court hearing was held by the High People's Court of Zhejiang Province in May 2019. In July 2019, the Zhejiang People's Procuratorate (浙江省人民檢察院) visited High Fashion China in Hangzhou and performed various verification of defense evidence. We have not yet received any response from the Court.
- (b) There were disputes amongst the Group, Transpac World Trade Services Holding Limited ("Transpac", previously called "Tai Ding Century Limited"), Ms. Leong Ma Li, the beneficial owner of Transpac, and certain directors of the Company. Several legal proceedings are taking place in relation to court orders over bank accounts of Longford Information & Technology Co., Limited and the claim for damages for breaching the cooperation agreement.

Save as disclosed above, as at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Yung Pik Man. She is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The principal place of business of the Company is 11/F., High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:00 p.m. to 5:00 p.m. at the principal place of business of the Company in Hong Kong at 11/F., High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong, for 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the published annual reports of the Company for each of the three financial years ended 31 December 2018, 2019 and 2020;
- (c) the material contracts referred to in the section headed "Material contracts" in this appendix; and
- (d) this circular.