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High Fashion International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 608)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

CHAIRMAN'S STATEMENT

In 2025, the global economy has experienced one of the most grueling challenges in recent years. The Sino-US trade conflicts have continued to escalate, with tariff barriers fluctuating unpredictably, bringing direct and heavy pressure to the apparel industry. In recent months, conflicts in the Middle East have spread, the situation has deteriorated, and oil prices have fluctuated, adding further uncertainty to global supply chains. At the same time, growth in major economies has slowed, and consumer confidence has weakened. Despite these numerous difficulties, High Fashion Group has always risen to the challenge and continue to strengthen our own capabilities and competitive advantages.

The Group's main results for the year ended 31 December 2025 are as follows:

- Net profit attributable to shareholders at HK\$69.8 million
- Gearing ratio of non-current liabilities to shareholders' funds at 41.6%. Current ratio at 1.2
- Basic earnings per share landed at HK\$0.23
- Net asset value per share amounted to HK\$10.58
- Proposed final dividend per share is HK\$0.035 and the total dividend per share for the year will be HK\$0.07

We are full of confidence in our ability to go against the tide, precisely because of the strategies and deployments the Group has implemented over the years to pioneer and capture greater market opportunities for the future. Over the years, High Fashion had continuously discerned the structural changes in the global economy and keeping pace with the time, has accordingly formulated a clear and firm long-term development blueprint. We have made in-depth efforts in market allocation, product development, innovative technology, artificial intelligence, and talent training to achieve our vision — to become a one-stop fashion house leading global trends. Today, these strategic deployments are entering a critical phase of accelerated maturation.

In terms of market allocation, we have adopted a strategy of horizontal expansion and vertical deep cultivation. China remains the top priority in the Group's strategic map as it is a market with the most promising development potential. We firmly believe that continuing to deeply cultivate the Chinese market will bring even broader growth space to High Fashion. At the same time, the Group has built a comprehensive global market presence. We have a solid foundation in the European and American markets. In the Asia-Pacific region, including Japan, Australia and others, we have fully expanded and are committed to deepening cooperation with our clients. Our supply chain also aligns with

this diversified market distribution, which not only effectively balances geopolitical risks but also enables flexible resource allocation across different economic cycles, enhancing our ability to seize growth opportunities.

Innovative R&D is High Fashion’s core DNA, continuously driving the opening of new frontiers. Through the efforts of our R&D team and close collaboration with strategic partners, the Group has achieved breakthroughs in yarn, fabrics, printing and dyeing, and product development. We have also secured patented technologies in circular fashion, machine-washable silk, and waterless dyeing. These innovations have been successfully extended to the sportswear sector, and addressing global demand for environmental and sustainable fashion. We firmly believe that sustainable development is not only a corporate responsibility but also the foundation of the fashion industry’s long-term competitiveness.

The era of artificial intelligence has arrived, and High Fashion is taking the lead. This year, the Group introduced its self-developed AI platform, integrating it into production management and supply chain systems. Our platform enables data-driven decision-making, improves efficiency, and builds a more transparent and agile modern operating system, laying a solid foundation for the high-quality development of our business.

Since its founding, the Group has upheld a people-oriented philosophy, through continuously improving our training systems, we come together to build a shared culture and belief for our work — upholding quality, leading with market insight, and taking responsibility with courage. We firmly believe that adopting a people-oriented approach in nurturing talent and unlocking potential is the way to navigate economic cycles and achieve long-term success.

The “High Fashion International Industrial Park” operates steadily. Combining the strengths of Hong Kong and Zhejiang, it attracts high-quality tenants from overseas and mainland China in the fashion and technology sectors. It continues to generate stable cash flow income, providing strong support for our core business development while creating opportunities for cross-sector collaboration.

Looking forward, despite the many challenges and external uncertainties ahead, we are full of confidence in the Group’s development and remain firmly committed to the strategies outlined above. In the future, the Group will uphold prudent financial management principles, continue to drive high-quality development of our core businesses, respond to opportunities and challenges with steady steps, and create long-term value for our shareholders.

I would like to express my heartfelt gratitude to all shareholders, clients, suppliers, partner banks, and the entire Board of Directors. At the same time, I wish to pay my highest tribute to the management team and all employees — it is precisely your professionalism, dedication, and daily hard work that have enabled High Fashion to forge ahead proudly through wind and rain.

RESULTS

The board of directors (the “Board”) of High Fashion International Limited (“High Fashion” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for 2025 together with the comparative figures for 2024 are set out as follows:-

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE			
Goods and services		3,002,707	3,219,982
Rental		61,709	116,850
TOTAL REVENUE	3	<u>3,064,416</u>	<u>3,336,832</u>
Cost of sales and services		(2,518,522)	(2,691,147)
Gross profit		545,894	645,685
Other income		17,488	34,677
Other gains and losses, net	4	44,213	(6,412)
Reversal of impairment losses under expected credit loss model, net		127	135
Administrative expenses		(283,274)	(285,974)
Selling and distribution expenses		(215,901)	(202,430)
Finance costs	5	(51,430)	(72,909)
PROFIT BEFORE TAXATION		<u>57,117</u>	<u>112,772</u>
Income tax credit (expense)	6	11,324	(16,845)
PROFIT FOR THE YEAR	7	<u>68,441</u>	<u>95,927</u>
OTHER COMPREHENSIVE INCOME (EXPENSE)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements to presentation currency		85,412	(46,778)
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)		(5,028)	(5,000)
		<u>80,384</u>	<u>(51,778)</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		1,131	2
Other comprehensive income (expense) for the year, net of tax		<u>81,515</u>	<u>(51,776)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>149,956</u>	<u>44,151</u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Cont'd)**

For the year ended 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PROFIT (LOSS) FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company		69,771	91,681
Non-controlling interests		<u>(1,330)</u>	<u>4,246</u>
		<u>68,441</u>	<u>95,927</u>
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company		151,286	39,905
Non-controlling interests		<u>(1,330)</u>	<u>4,246</u>
		<u>149,956</u>	<u>44,151</u>
EARNINGS PER SHARE			
Basic	8	<u>HK\$0.23</u>	<u>HK\$0.30</u>
Diluted		<u>HK\$0.23</u>	<u>HK\$0.30</u>

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		686,203	481,401
Right-of-use assets		52,930	47,978
Investment properties		3,362,504	3,401,188
Interests in joint ventures		7,552	7,557
Interest in an associate		22,188	21,624
Equity instruments at FVTOCI		588	5,616
Deferred tax assets		12,582	12,756
Other non-current assets		35,988	34,802
Long-term bank deposits		5,547	-
		<u>4,186,082</u>	<u>4,012,922</u>
CURRENT ASSETS			
Inventories		530,763	497,911
Properties held for sale		387,637	208,834
Trade receivables	10	666,140	647,083
Deposits, prepayments and other receivables		230,191	213,127
Amounts due from joint ventures		-	5,395
Derivative financial instruments		1,322	-
Financial assets at fair value through profit or loss (“FVTPL”)		74,451	25,652
Short-term bank deposits and balances		231,031	234,480
Cash and cash equivalents		368,387	333,643
		<u>2,489,922</u>	<u>2,166,125</u>
CURRENT LIABILITIES			
Trade payables	11	776,438	675,878
Other payables and accruals		178,925	233,147
Lease liabilities		1,778	4,072
Amount due to an associate		691	691
Contract liabilities		183,632	101,054
Tax payable		27,558	53,847
Derivative financial instruments		70	3,749
Bank borrowings		918,021	763,863
		<u>2,087,113</u>	<u>1,836,301</u>
NET CURRENT ASSETS		<u>402,809</u>	<u>329,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,588,891</u>	<u>4,342,746</u>

Consolidated Statement of Financial Position (Cont'd)*At 31 December 2025*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	346,163	335,346
Bank borrowings	913,024	836,065
Lease liabilities	9,269	1,862
Provision for long service payments	2,994	2,994
Deferred income	5,485	5,687
Other liabilities	79,497	69,734
	<u>1,356,432</u>	<u>1,251,688</u>
NET ASSETS	<u>3,232,459</u>	<u>3,091,058</u>
CAPITAL AND RESERVES		
Share capital	30,562	30,562
Share premium and reserves	<u>3,226,413</u>	<u>3,085,823</u>
Equity attributable to owners of the Company	3,256,975	3,116,385
Non-controlling interests	<u>(24,516)</u>	<u>(25,327)</u>
TOTAL EQUITY	<u>3,232,459</u>	<u>3,091,058</u>

Notes to the Consolidated Financial Statements

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. Principal Accounting Policies

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. Revenue and Segment Information

Disaggregation of revenue from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers in respect of sales of garments, fabrics and accessories recognised at a point in time under HKFRS 15	3,002,707	3,219,982
Rental income recognised under HKFRS 16	61,709	116,850
	<u>3,064,416</u>	<u>3,336,832</u>
Geographical markets for revenue from contracts with customers:		
China (including Mainland China and Hong Kong)	1,754,165	1,817,650
United States of America (“USA”)	456,238	439,783
Europe	388,448	393,211
Others	403,856	569,338
	<u>3,002,707</u>	<u>3,219,982</u>

Set out below is the reconciliation of revenue with the amounts disclosed in segment information:

	Manufacturing and trading of garments and related products <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>
<i>For the year ended 31 December 2025</i>		
Segment revenue	3,002,707	61,709
Less: rental income recognised under HKFRS 16	-	(61,709)
Revenue from contracts with customers	<u>3,002,707</u>	<u>-</u>
<i>For the year ended 31 December 2024</i>		
Segment revenue	3,219,982	116,850
Less: rental income recognised under HKFRS 16	-	(116,850)
Revenue from contracts with customers	<u>3,219,982</u>	<u>-</u>

3. Revenue and Segment Information (Cont'd)

Segment information

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue		
- Manufacturing and trading of garments and related products	3,002,707	3,219,982
- Property investment and development	61,709	116,850
Revenue – external sales	<u>3,064,416</u>	<u>3,336,832</u>
Segment results		
- Manufacturing and trading of garments and related products	72,179	144,460
- Property investment and development	(12,963)	19,046
	<u>59,216</u>	<u>163,506</u>
Change in fair value of derivative financial instruments	8,408	2,253
Change in fair value of investment properties	39,470	(7,359)
Unallocated corporate overhead and other expenses	(49,977)	(45,628)
Profit before taxation	<u>57,117</u>	<u>112,772</u>

Segment profit represents the profit earned by each segment without the allocation of change in fair value of derivative financial instruments and investment properties, certain portion of the central administration costs and other expenses. This is the measure reported to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for operating segments are not provided to the CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities is presented accordingly.

3. Revenue and Segment Information (Cont'd)

Other segment information

For the year ended 31 December 2025

	Manufacturing and trading of garments and related products HK\$'000	Property investment and development HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss:			
Depreciation of property, plant and equipment	64,636	8,883	73,519
Depreciation of right-of-use assets	6,414	38	6,452
Loss on disposal of property, plant and equipment, net	1,716	-	1,716
Impairment losses under expected credit loss model, net of reversal	(127)	-	(127)
Interest income	(7,499)	(604)	(8,103)
Finance costs	<u>30,750</u>	<u>20,680</u>	<u>51,430</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:			
Fair value gain on derivative financial instruments			(8,408)
Net increase in fair value of investment properties			<u>(39,470)</u>

3. Revenue and Segment Information (Cont'd)

Other segment information (Cont'd)

For the year ended 31 December 2024

	Manufacturing and trading of garments and related products <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:			
Depreciation of property, plant and equipment	53,041	7,025	60,066
Depreciation of right-of-use assets	5,655	157	5,812
Loss on disposal of property, plant and equipment, net	1,489	-	1,489
Impairment losses under expected credit loss model, net of reversal	(135)	-	(135)
Interest income	(12,880)	(97)	(12,977)
Finance costs	<u>39,254</u>	<u>33,655</u>	<u>72,909</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:			
Fair value gain on derivative financial instruments			(2,253)
Net decrease in fair value of investment properties			<u>7,359</u>

3. Revenue and Segment Information (Cont'd)

Geographical information

The Group's operations are mainly located in China.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers. Information about the Group's non-current assets (excluding deferred tax assets and financial instruments) is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
China	1,815,874	1,934,500	4,167,137	3,989,530
USA	456,238	439,783	30	385
Europe	388,448	393,211	-	-
Others	403,856	569,338	5,745	4,635
	<u>3,064,416</u>	<u>3,336,832</u>	<u>4,172,912</u>	<u>3,994,550</u>

Information about major customer

During the years ended 31 December 2025 and 2024, there is no customer from manufacture and trading of garments and related products segment nor property investment and development segment which contributed over 10% of the total revenue of the Group.

4. Other Gains and Losses, Net

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in fair value of derivative financial instruments	8,408	2,253
Change in fair value of other financial assets at FVTPL	1,186	437
Loss on disposal of property, plant and equipment, net	(1,716)	(1,489)
Net foreign exchange losses	(3,135)	(254)
Net increase (decrease) in fair value of investment properties	39,470	(7,359)
	<u>44,213</u>	<u>(6,412)</u>

5. Finance Costs

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interests on:		
Bank borrowings and overdrafts	57,604	74,593
Leases liabilities	376	356
Borrowings on discounted bills	649	1,807
Total borrowing costs	<u>58,629</u>	<u>76,756</u>
Less: amounts capitalised in the cost of qualifying assets	<u>(7,199)</u>	<u>(3,847)</u>
	<u><u>51,430</u></u>	<u><u>72,909</u></u>

6. Income Tax (Credit) Expense

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax charge:		
Hong Kong	4,342	6,679
Mainland China (Note)	1,631	13,531
	<u>5,973</u>	<u>20,210</u>
(Over) under provision in prior years:		
Hong Kong	1,791	(4,896)
Mainland China	(25,922)	(3,056)
Other jurisdictions	17	-
	<u>(24,114)</u>	<u>(7,952)</u>
Deferred taxation - current year	6,817	4,587
	<u>(11,324)</u>	<u>16,845</u>

Note: Amounts includes withholding tax of HK\$1,083,000 (2024: HK\$11,002,000) during the year ended 31 December 2025.

7. Profit for the Year

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Costs of inventories recognised as expenses (including allowance for inventory obsolescence of HK\$2,887,000 (2024: HK\$918,000))	2,401,875	2,535,506
Research expenses (included in cost of sales)	86,796	116,336
Depreciation of property, plant and equipment	73,519	60,066
Depreciation of right-of-use assets	6,452	5,812
Auditor's remuneration	3,036	3,300
Government grants (included in other income)	(1,159)	(109)
Bank interest income (included in other income)	(8,103)	(12,977)

8. Earnings Per Share

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<u>Earnings</u> Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	69,771	91,681
	Number of shares '000	Number of shares '000
<u>Number of shares</u> Number of ordinary shares for the purpose of basic and diluted earnings per share	305,616	305,616

The computation of diluted earnings per share for the years ended 31 December 2025 and 31 December 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares during the years.

9. Dividends

	2025 HK\$'000	2024 <i>HK\$'000</i>
Dividends recognised as distribution and paid during the year:		
Interim dividend – 3.5 HK cents per ordinary share for 2025 (2024: 3.5 HK cents per ordinary share for 2024)	10,696	10,696
Final dividend – 12 HK cents per ordinary share for 2023	-	36,674
	<u>10,696</u>	<u>47,370</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK\$0.035 (2024: nil) per ordinary share, in an aggregate amount of HK\$10,696,000 (2024: nil) has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

10. Trade Receivables

Trade receivables mainly comprise of receivable from sales of garments and related products and renting of properties. Credit terms granted to the customers for garment trading are mainly range from 30 to 90 days. Rentals are payable by tenants upon presentation of demand notes. No credit period is granted to tenants.

The aged analysis of the Group's trade receivables net of allowance for credit losses is presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 90 days	591,637	584,142
91 to 180 days	59,605	33,112
181 to 360 days	10,094	23,746
Over 360 days	4,804	6,083
	<u>666,140</u>	<u>647,083</u>

11. Trade Payables

The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 HK\$'000
Within 90 days	542,264	392,707
91 to 180 days	80,734	48,252
181 to 360 days	17,609	4,244
Over 360 days	14,862	12,563
	655,469	457,766
Accrued purchases	120,969	218,112
	776,438	675,878

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 23 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the global business environment remained challenging amid an increasingly complex and volatile geopolitical and macroeconomic landscape. Heightened geopolitical tensions and the ongoing restructuring of global supply chains continued to exert pressure on the manufacturing sector. Against this backdrop, the Group remained committed to its management principle of pursuing steady progress while maintaining stability and embracing change. By continuously refining its business model and formulating forward-looking response strategies, the Group sought to convert external challenges into opportunities to strengthen its core competitiveness, thereby maintaining a sound financial position and solid operational resilience amid market uncertainty. During the year, the Group continued to optimise its market and customer portfolio. While further deepening its penetration in major markets including Europe, the United States and the Asia-Pacific region, the Group also actively captured growth opportunities arising from emerging markets. At the same time, the Group accelerated the diversification of its supply chain and production footprint. Through the strategic expansion of its production and supply chain presence in Southeast Asia, the Group further enhanced its resource allocation efficiency and production flexibility. Such parallel advancement in market expansion and production deployment enabled the Group to achieve a more balanced global business layout.

In addition, the Group is committed to integrating sustainability into its business operations and continuously develops environmentally-friendly products to help drive the industry's green transformation. Through close collaboration between its R&D team and strategic partners, the Group has achieved comprehensive upgrades spanning from materials to product development. At present, the Group has obtained patent authorizations in circular fashion, machine-washable silk, and waterless dyeing technologies. These innovations not only effectively address global demand for sustainable fashion, but also further strengthen its long-term strategic partnerships with leading global brands. While pursuing green production, the Group also actively fulfills its social responsibilities and is committed to education and talent development. By working with academic institutions, it helps cultivate textile professionals equipped with the skills needed for the new era.

The Group also recognises that the manufacturing industry is entering a transformative stage driven by the rapid adoption of artificial intelligence. In light of this trend, the Group actively advanced the application of artificial intelligence technologies within its operations and accelerated its digital transformation. By introducing AI-driven data analytics platforms and automated management systems, the Group enhanced real-time monitoring across various stages of the supply chain and improved demand forecasting accuracy, resulting in improved inventory turnover efficiency and reduced operating losses. The transition from traditional manufacturing to intelligent manufacturing has not only strengthened the Group's responsiveness to market changes, but also improved capital utilization efficiency and optimised profit margins through technology-enabled decision-making.

The value of the “High Fashion International Industrial Park” in Hangzhou to the Group has become increasingly evident. In addition to contributing a stable stream of rental income, the industrial park has attracted innovation and technology resources through its quality supporting facilities. By leveraging its platform advantages in facilitating the integration of technology and industry, the industrial park has promoted synergies between innovative technologies and the Group’s principal business, thereby providing support for the Group’s long-term business development and technological advancement.

Looking ahead, the Group will continue to adhere to a prudent financial management approach, maintain flexible resource allocation and adjust its business strategies in a timely manner in order to capture development opportunities in a rapidly changing market environment. Meanwhile, the Group will continue to invest in sustainable product innovation and steadily expand its presence in emerging markets. Through ongoing enhancement of its diversified business layout and commitment to high-quality development, the Group remains confident in its ability to address future challenges and create long-term and sustainable value for shareholders and other stakeholders.

FINANCIAL REVIEW

Revenue of the Group recorded HK\$3,064 million for the year ended 31 December 2025, representing a fall of 8.2% compared with the corresponding period last year. Gross margin amounted to HK\$545.9 million, with a gross profit margin of 17.8% (2024: HK\$645.7 million and 19.3%). This was mainly attributable to the Sino-US trade frictions and market volatility in the first half of the year. Despite the above challenges, the Group continued to exercise stringent cost control and optimise its operating processes so as to mitigate the impact of the external environment on its overall performance. Net profit for 2025 was HK\$68.4 million (2024: HK\$95.9 million).

Geographically, the revenue from the China market in 2025 was HK\$1,816 million, represented for 59.2% of total revenue (2024: HK\$1,935 million, 58.0%). Sales to the United States and European countries amounted to HK\$845 million, representing 27.6% of total revenue (2024: HK\$833 million, 25.0%). High Fashion’s export sales to other regions, mainly Southeast Asian countries reached HK\$404 million, accounting for 13.2% of total revenue (2024: HK\$569 million, 17.0%).

Other gains for the year in 2025 was HK\$44.2 million (2024: losses of HK\$6.4 million), which mainly included the fair value gains from investment properties of HK\$39.5 million (2024: losses of HK\$7.4 million).

In 2025, administrative expenses as a percentage of total revenue were 9.2% (2024: 8.6%), while selling and distribution expenses as a percentage of total revenue were 7.0% (2024: 6.1%).

Finance costs decreased from HK\$72.9 million in 2024 to HK\$51.4 million in 2025, primarily due to decrease in interest expense on bank borrowings.

As of the end of the 2025 fiscal year, the basic earnings per share was HK\$0.23 (2024: HK\$0.30). Net asset value per share was HK\$10.58 (2024: HK\$10.11).

SEGMENT INFORMATION

The segment information for the year ended 31 December 2025 is as follows:

	Revenue		Contribution	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				
Manufacturing and trading of garments and related products	3,002,707	3,219,982	72,179	144,460
Property investment and development	61,709	116,850	(12,963)	19,046
	<u>3,064,416</u>	<u>3,336,832</u>	<u>59,216</u>	<u>163,506</u>
By geographical segments:				
China	1,815,874	1,934,500	24,015	106,434
USA	456,238	439,783	17,944	22,450
Europe	388,448	393,211	7,874	17,981
Others	403,856	569,338	9,383	16,641
	<u>3,064,416</u>	<u>3,336,832</u>	<u>59,216</u>	<u>163,506</u>

Manufacturing and trading of garments and related products

Revenue from manufacturing and trading of garments and related products business in 2025 was HK\$3,003 million (2024: HK\$3,220 million). Profit in 2025 was HK\$72.2 million (2024: HK\$144.5 million).

High Fashion has incorporated various sustainability features into its product development and production design, gaining significant acclaim from clients both locally and internationally. We continue to enhance operational efficiency by optimizing business processes and advancing digital transformation, while remaining customer-centric and comprehensively strengthening customer value.

Property investment and development

Revenue from property investment and development business in 2025 was HK\$61.7 million (2024: HK\$116.9 million).

“WL District” in Hangzhou continuously optimizes its tenant mix to attract innovative enterprises and scientific research resources. This high-tech industrial platform not only lays the foundation for future technological innovation and coordinated industrial development but also provides a stable source of income. Through building a portfolio of high-value assets, High Fashion’s property investment and development business ensures the long-term and stable returns for the Group.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

In the face of escalating climate risks, increasingly stringent supply chain regulations, and rising market expectations for transparency, the Group continues to fulfill its responsibility as an industry leader by transforming sustainability from a concept into scalable business practice. With industry collaboration as its core strategy, the Group actively works with brand customers and technology partners to jointly advance the large-scale application of circular materials and the industrialization of recycling and regeneration solutions. It is committed to building more traceable and compliant supply chain solutions for customers, helping the industry become more competitive in the course of transformation, and contributing to the mitigation of global warming.

At the same time, the rapid growth of the fashion industry is often accompanied by significant resource consumption and environmental pressure. To address these challenges, the Group continues to strengthen supply chain traceability while actively investing in green technology research and development. By focusing on material innovation at the source and integrating intelligent manufacturing systems, the Group explores diverse environmentally friendly solutions to promote a more sustainable future for fashion. Through unique technologies, the Group has obtained patents in circular fashion and waterless dyeing, which significantly reduce reliance on water resources and minimize waste generation. These innovations have received internationally recognized certifications, including SGS and OEKO-TEX[®], demonstrating the Group's concrete environmental actions and its long-term commitment to sustainable development.

The Group upholds the core value of “Put the Needs of Other before Your Own”, guided by a spirit of care and social responsibility toward those in need. Committed to fostering a harmonious and inclusive workplace, the Group cultivates a corporate culture founded on equality, respect, freedom, responsibility, and trust. Employee well-being and inclusivity are integrated into daily operations. Through continuous support programmes for employees with disabilities, together with initiatives promoting women's health and employee wellness through sports and health campaigns, the Group enhances employees' physical and mental well-being and strengthens their sense of belonging. These initiatives also reinforce team cohesion and generate positive social impact. Meanwhile, the Group continues to refine its talent development framework by establishing a three-pillar training system consisting of internal training, external training, and platform-based learning, enabling employees to stay abreast of technological advancements in the industry, continuously enhance their professional competencies, and cultivate high-quality professional talent.

At the governance level, the Group firmly upholds the principle of operating with integrity, maintains zero tolerance for any fraud or corruption, and continues to strengthen its integrity governance and risk management mechanisms. Through regular compliance and anti-corruption training, a conflict-of-interest declaration mechanism, periodic reviews of the Group's “Code of Conduct of Integrity”, and more robust whistleblowing and grievance channels, the Group enhances operational transparency and accountability. In addition to reinforcing internal controls, the Group actively promotes anti-corruption principles among suppliers, advancing integrity management throughout the supply chain and strengthening stakeholders' awareness of ethical business practices. At the same time, the Group strictly complies with applicable privacy and data protection regulations. Comprehensive confidentiality policies and intellectual property protection measures have been established, and employees receive regular training to ensure robust information security and the protection of customer rights and interests.

LIQUIDITY AND FINANCIAL RESOURCES

High Fashion's total amount of cash and cash equivalent, short-term deposit and financial assets at fair value through profit and loss as at 31 December 2025 was HK\$673.9 million (as at 31 December 2024: HK\$593.8 million).

Bank borrowings, mainly denominated in Hong Kong Dollar, increased from HK\$1,600 million as at 31 December 2024 to HK\$1,831 million as at 31 December 2025. The bank borrowings were primarily allocated for properties construction, development projects and fixed assets investments to develop and upgrade manufacturing plants in Mainland China.

The gearing ratio of non-current liabilities to shareholders' funds was 41.6% as at 31 December 2025 (as at 31 December 2024: 40.2%). Current ratio is 1.2 (as at 31 December 2024: 1.2), revealing that High Fashion maintains a solid capital base.

Net cash from operating activities for the year 2025 was HK\$47.1 million, which was mainly attributable to the daily operations. High Fashion has sufficient banking facilities provided by its bankers together with stable income from the owned properties. The management is confident in maintaining healthy working capital and liquidity to meet operational needs and support future growth.

FOREIGN CURRENCY RISK EXPOSURE

Foreign currency risk exposure is primarily related to RMB and USD since a considerable portion of our operating expenses are denominated in RMB while sales are mainly denominated in USD. High Fashion complies with its policy to monitor foreign currency exchange risk. As HKD is pegged to the USD, High Fashion considers that its foreign currency risk in respect of USD is minimal. The management continues to take prudent measures to reduce risks associated with currency fluctuations.

CHARGES ON ASSETS

Apart from HK\$2.3 billion of mortgaged properties in Hong Kong and Mainland China for long-term bank borrowings (as at 31 December 2024: HK\$1.9 billion), High Fashion has no collateral for other assets.

CAPITAL EXPENDITURE

In 2025, High Fashion invested in enhancing manufacturing capabilities and environmental infrastructure. These strategic investments included advanced automation and intelligent manufacturing systems, eco-friendly facilities, digital transformation initiatives, and plant/equipment upgrades, totaling HK\$94.1 million (2024: HK\$94.8 million). During the reporting period, the Company also invested HK\$53.9 million (2024: HK\$39.1 million) in property development and construction projects. These investments align with our commitment to sustainable manufacturing and digital transformation, while boosting operational efficiency and market competitiveness.

CAPITAL COMMITMENTS

As of 31 December 2025, High Fashion's capital expenditure commitments for contracted but not provided property, plant and equipment acquisitions and construction works amounted to HK\$180.4 million (2024: HK\$394.4 million). These commitments are primarily related to ongoing digital transformation projects, sustainable manufacturing facility upgrades, "WL District" optimization measures, and environmental infrastructure.

CONTINGENT LIABILITIES

As of 31 December 2025, the Group had no material contingent liabilities.

HUMAN RESOURCES

As of 31 December 2025, High Fashion had approximately 5,000 employees (31 December 2024: about 5,000 employees). Management places high importance on employee training and development, providing both face to face and online programs to equip staff with the appropriate knowledge and skills. High Fashion evaluates its staff based on performance, experience, and industry practices. Additionally, we offer competitive compensation packages, including medical subsidies and retirement plan contributions, to reward employees for their contributions. Furthermore, eligible employees may also receive discretionary bonuses based on High Fashion's and individual performance.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at 11/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Tuesday, 9 June 2026 at 11:00 a.m. Notice of AGM will be published on the websites of the Company (www.highfashion.com.hk) and the Stock Exchange (www.hkexnews.hk) and despatched to shareholders of the Company in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.035 (2024: nil) per share for the year ended 31 December 2025 to shareholders whose names appear on the Register of Members of the Company on Thursday, 18 June 2026. The proposed final dividend is subject to the approval of shareholders of the Company at the forthcoming AGM. If being approved, dividend warrants for the final dividend will be dispatched on Friday, 10 July 2026.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 5 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 4 June 2026.

In addition, the Register of Members will also be closed from Wednesday, 17 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Tuesday, 16 June 2026.

CORPORATE GOVERNANCE

The Company has applied all the principles of, and complied throughout the year with, the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the accounting period for the year ended 31 December 2025.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting, risk management and internal control systems as set out in the terms of reference of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025.

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

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.highfashion.com.hk) and the Stock Exchange (www.hkexnews.hk).

The 2025 Annual Report will be published and despatched to the shareholders of the Company and available on the above websites by no later than 30 April 2026.

By Order of the Board
High Fashion International Limited
Lam Gee Yu, Will
Executive Director & Managing Director

Hong Kong, 23 March 2026

As at the date of this announcement, the Board comprises of (1) Executive Directors: Mr. Lam Foo Wah, Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well; (2) Non-executive Directors: Ms. Leung Wing Man, Mabel and Mr. Lau Yip Shing; and (3) Independent Non-executive Directors: Mr. Chung Kwok Pan, Mr. Tong Hee Keung, Samuel and Mr. Wong Chun Sek, Edmund.