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FORWARD FASHION  
HOLDINGS

**Forward Fashion (International) Holdings Company Limited**

**尚晉(國際)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2528)**

**REVISION AND RENEWAL OF ANNUAL CAPS OF  
CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee and  
the Shareholders**

**VINCO** 域高

**Vinco Capital Limited**

**REVISION AND RENEWAL OF ANNUAL CAPS OF THE NB COOPERATION  
AGREEMENT**

Reference is made to the section headed “Connected Transactions” of the Prospectus.

On 15 April 2015, World First International, an indirect wholly-owned subsidiary of the Company, entered into the NB Cooperation Agreement with White S.R.L. and Twelve S.A., to form NB China for the promotion, marketing and distribution of Products in Macau and the PRC. Pursuant to the NB Cooperation Agreement, the parties agreed that NB China shall purchase Products from White S.R.L. and Factory S.R.L..

Factory S.R.L. is an Independent Third Party. However, for the reasons as disclosed in the Prospectus and set out below, White S.R.L. is a connected person of the Company and the purchase of Products by NB China from White S.R.L. has constituted continuing connected transactions of the Company.

Recently the Company was informed by White S.R.L. that Factory S.R.L. will cease its supply of Products to NB China with effect from June 2021. As a result, NB China has to shift its demand and orders for Products from Factory S.R.L. to White S.R.L., therefore shifting its purchases of Products from an Independent Third Party to a connected person of the Company. Accordingly, it is expected that the Original Annual Cap under the NB Cooperation Agreement for the year ending 31 December 2021 of HK\$3 million will be exceeded. Further, the Original Annual Cap is due to expire on 31 December 2021. As such, the Company proposed to (i) revise the Original Annual Cap for the year ending 31 December 2021 to the Revised Annual Cap; and (ii) renew the annual caps under the NB Cooperation Agreement for the two years ending 31 December 2023.

### **LISTING RULES IMPLICATIONS**

Since the date of the NB Cooperation Agreement and up to the date of this announcement, Twelve S.A. has held approximately 40% equity interest in NB China. Therefore, Twelve S.A. is a substantial shareholder of NB China, an indirect non wholly-owned subsidiary of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. As White S.R.L. is indirectly wholly-owned by Twelve S.A., it is an associate of Twelve S.A. Accordingly, White S.R.L. is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (defined under the Rule 14.07 of the Listing Rules) in respect of the Revised Annual Cap and the Renewed Annual Caps are more than 5%, the Revised Annual Cap and the Renewed Annual Caps are subject to reporting, announcement, annual review and approval of the independent Shareholders under Chapter 14A of the Listing Rules.

### **SHAREHOLDERS' WRITTEN APPROVAL**

An application will be made by the Company to the Stock Exchange for a waiver from strict compliance with Rule 14A.36 of the Listing Rules in relation to the requirement for the Company to hold a general meeting to approve a connected transaction under Rule 14A.37 of the Listing Rules.

If the abovementioned waiver under Rule 14A.37 of the Listing Rules is granted by the Stock Exchange, no extraordinary general meeting of the Company will be held for the purpose of considering and approving the Revised Annual Cap and the Renewed Annual Caps. If the abovementioned waiver is not granted by the Stock Exchange, the Company will hold an extraordinary general meeting to obtain the requisite approval from the Shareholders.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An Independent Board Committee consisting of all independent non-executive Directors has been formed to advise the Shareholders on the Revised Annual Cap and the Renewed Annual Caps. The Company has appointed an Independent Financial Advisor to advise the Independent Board Committee and the Shareholders on the Revised Annual Cap and the Renewed Annual Caps.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, details of the Revised Annual Cap and the Renewed Annual Caps, the recommendation from the Independent Board Committee and the advice of the Independent Financial Adviser, will be dispatched to the Shareholders on or before 28 May 2021. If it is expected that there will be a delay to the dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## **REVISION AND RENEWAL OF ANNUAL CAPS OF THE NB COOPERATION AGREEMENT**

Reference is made to the section headed “Connected Transactions” of the Prospectus.

On 15 April 2015, World First International, an indirect wholly-owned subsidiary of the Company, entered into the NB Cooperation Agreement with White S.R.L. and Twelve S.A., to form NB China for the promotion, marketing and distribution of Products in Macau and the PRC. Pursuant to the NB Cooperation Agreement, the parties agreed that NB China shall purchase Products from White S.R.L. and Factory S.R.L..

Factory S.R.L. is an Independent Third Party. However, for the reasons as disclosed in the Prospectus and set out below, White S.R.L. is a connected person of the Company and the purchase of Products by NB China from White S.R.L. has constituted continuing connected transactions of the Company.

Recently the Company was informed by White S.R.L. that Factory S.R.L. will cease its supply of Products to NB China with effect from June 2021. As a result, NB China has to shift its demand and orders for Products from Factory S.R.L. to White S.R.L., therefore shifting its purchases of Products from an Independent Third Party to a connected person of the Company. Accordingly, it is expected that the Original Annual Cap under the NB Cooperation Agreement for the year ending 31 December 2021 of HK\$3 million will be exceeded. Further, the Original Annual Cap is due to expire on 31 December 2021. As such, the Company proposed to (i) revise the Original Annual Cap for the year ending 31 December 2021 to the Revised Annual Cap; and (ii) renew the annual caps under the NB Cooperation Agreement for the two years ending 31 December 2023.

## **The NB Cooperation Agreement**

As disclosed in the Prospectus, the principal terms of the NB Cooperation Agreement are set out as below:

Date: 15 April 2015

Parties: (a) Twelve S.A.;

(b) White S.R.L.; and

(c) World First International

Term: From 15 April 2015 to Winter of 2025

Exclusivity: NB China is appointed as the exclusive importer and distributor of Products in Macau and the PRC.

Subject Matter: Pursuant to the NB Cooperation Agreement, World First International, Twelve S.A. and White S.R.L. agreed to form NB China for the promotion, marketing and distribution of Products in Macau and the PRC markets.

The parties agreed that NB China shall purchase the Products from White S.R.L. from time to time in accordance with the minimum guaranteed purchase order as agreed between the parties. The selling price, payment schedule and method, and other specific terms or conditions (if any) shall be fixed by the relevant parties in the purchase order on a case-by-case basis. The parties also agreed that NB China shall purchase Products from Factory S.R.L..

Pricing Policy: The purchase price for each individual purchase order shall be taken as having included (i) the quality and cost of raw materials procured by Twelve S.A. and White S.R.L.; (ii) manufacturing overhead, production time available and complexity in design and manufacturing; and (iii) labour cost. The purchase price for each individual purchase order shall be determined after arm's length negotiation among Twelve S.A., White S.R.L. and NB China from time to time with reference to the terms and conditions of exclusive distribution agreements of this kind in normal business practice.

## Historical amounts and the annual caps

The table below sets out the amount of aggregate purchases made by NB China from White S.R.L. and Factory S.R.L. for the years and periods indicated:

	<b>Financial year ended 31 December 2019 HK\$'000</b>	<b>Financial year ended 31 December 2020 HK\$'000</b>	<b>Three months ended 31 March 2021 HK\$'000</b>
Amount of purchase from White S.R.L.	2,079	727	355
Amount of purchase from Factory S.R.L.	<u>45,138</u>	<u>34,817</u>	<u>2,198</u>
Total	<u><u>47,217</u></u>	<u><u>35,544</u></u>	<u><u>2,553</u></u>

For further details of the historical amount of aggregate purchases made by NB China from White S.R.L. for the financial years ended 31 December 2016, 2017 and 2018, please refer to the section headed “Connected Transactions” of the Prospectus.

The table below sets out the Original Annual Cap, the Revised Annual Cap and the Renewed Annual Caps of the NB Cooperation Agreement:

	<b>Financial year ending 31 December 2021 HK\$'000</b>	<b>Financial year ending 31 December 2022 HK\$'000</b>	<b>Financial year ending 31 December 2023 HK\$'000</b>
Original Annual Cap	3,000	–	–
Revised Annual Cap	39,000	–	–
Renewed Annual Caps	–	56,000	64,000

The above Revised Annual Cap and the Renewed Annual Caps were determined with reference to the historical actual transaction amounts, the terms under the NB Cooperation Agreement, and the expected sales volume and future business plan of NB China for the three years ending 31 December 2023. As at the date of this announcement, the Original Annual Cap for the year ending 31 December 2021 has not been exceeded.

## **REASONS FOR THE REVISION AND RENEWAL OF ANNUAL CAPS**

As disclosed in the Prospectus, the parties entered into the NB Cooperation Agreement on 15 April 2015 with the objective of forming NB China, to maintain and promote Products in Macau and the PRC. The formation of NB China with *Neil Barrett's* brand owner, White S.R.L., was the Group's first and strategically important cooperation project with an international brand owner. As at the date of this announcement, there were 17 mono-brand stores carrying *Neil Barrett* in Macau, the PRC and Taiwan, of which 15 mono-brand stores are operated by the Group and two mono-brand stores, which are all in the PRC, are operated by the Group's sub-distributors.

In light of the above, the Directors are of the view that (i) the NB Cooperation Agreement was entered into in the ordinary and usual course of the Group and are in the interests of the Company and Shareholders as a whole; (ii) the NB Cooperation Agreement are on normal commercial terms and are fair and reasonable; and (iii) (other than the independent non-executive Directors whose view is reserved pending the advice of the Independent Financial Adviser to the Independent Board Committee and the Shareholders) the Revised Annual Cap and the Renewed Annual Caps were proposed with the intentions to ensure continuation of the existing cooperation with White S.R.L. and were in the interest of the Company and its Shareholders as a whole.

Save for the Revised Annual Cap and the Renewed Annual Caps, there has been no change in the terms and conditions of the NB Cooperation Agreement.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in the retail of fashion apparel of international brands ranging from established designer label brands, popular global brands to up-and-coming brands in the PRC, Macau, Hong Kong and Taiwan.

### **World First International**

World First International is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

### **NB China**

NB China is a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company. It is owned as to approximately 60% by World First International and approximately 40% by Twelve S.A.. It is principally engaged in the promotion, marketing and distribution of Products in Macau and the PRC.

## **Twelve S.A.**

Twelve S.A. is a company incorporated in Luxembourg which is principally engaged in fashion business. Since the date of the NB Cooperation Agreement and up to the date of this announcement, Twelve S.A. has held approximately 40% equity interest in NB China. Therefore, Twelve S.A. is a substantial shareholder of NB China, an indirect non wholly-owned subsidiary of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief of the Directors after having made all reasonable enquires, the shares of Twelve S.A. are directly held by an Independent Third Party and is a connected person of the Company only for the reason of its 40% equity interest in NB China.

## **White S.R.L.**

White S.R.L. is a company incorporated in Italy which is principally engaged in fashion business. As White S.R.L. is indirectly wholly-owned by Twelve S.A., it is an associate of Twelve S.A. Accordingly, White S.R.L. is a connected person of the Company under Chapter 14A of the Listing Rules.

## **APPROVAL OF THE BOARD**

None of the Directors is considered to have a material interest in the NB Cooperation Agreement, the Revised Annual Cap and the Renewed Annual Caps and has to abstain from voting on the resolutions approving the Revised Annual Cap and the Renewed Annual Caps. Save for the independent non-executive Directors whose view is reserved pending the advice of the Independent Financial Adviser, the Directors have approved the Revised Annual Cap and the Renewed Annual Caps.

## **LISTING RULES IMPLICATIONS**

Since the date of the NB Cooperation Agreement and up to the date of this announcement, Twelve S.A. has held approximately 40% equity interest in NB China. Therefore, Twelve S.A. is a substantial shareholder of NB China, an indirect non wholly-owned subsidiary of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. As White S.R.L. is indirectly wholly-owned by Twelve S.A., it is an associate of Twelve S.A. Accordingly, White S.R.L. is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (defined under the Rule 14.07 of the Listing Rules) in respect of the Revised Annual Cap and the Renewed Annual Caps are more than 5%, the Revised Annual Cap and the Renewed Annual Caps are subject to reporting, announcement, annual review and approval of the independent Shareholders under Chapter 14A of the Listing Rules.

## SHAREHOLDERS' WRITTEN APPROVAL

An application will be made by the Company to the Stock Exchange for a waiver from strict compliance with Rule 14A.36 of the Listing Rules in relation to the requirement for the Company to hold a general meeting to approve a connected transaction under Rule 14A.37 of the Listing Rules on the basis that:

- (i) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder had a material interest in the Revised Annual Cap and the Renewed Annual Caps, and no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the Revised Annual Cap and the Renewed Annual Caps;
- (ii) a written approval to the Revised Annual Cap and the Renewed Annual Caps has been given by Gold Star Fashion Limited, a Shareholder holding 300,000,000 shares of the Company representing approximately 75% of the voting rights in the general meeting of the Company as at the date of this announcement;
- (iii) as Gold Star Fashion Limited holding approximately 75% of the voting rights of the Company has already given its approval to the Revised Annual Cap and the Renewed Annual Caps, any resolution(s) put forward at the general meeting for approving the Revised Annual Cap and the Renewed Annual Caps, if it is held, will surely be passed and therefore the holding of a general meeting in this regard would serve no valuable purpose;
- (iv) in light of the COVID-19 pandemic, holding of a physical general meeting would inevitably expose the Shareholders or the attendees to the risk of transmission of the virus; and
- (v) in light of the COVID-19 pandemic, the Company is obliged to implement stringent precautionary measures at the physical general meeting or arrange an online meeting with the use of technology (e.g. virtual meetings) to enable non-physical attendance and voting. The Directors consider that strict compliance with Rule 14A.36 of the Listing Rules with the implementation of the precautionary measures at the physical general meeting or adoption of an online meeting would be unduly burdensome and impose unnecessary administrative costs to the Company given the little value of holding such general meeting.

If the abovementioned waiver under Rule 14A.37 of the Listing Rules is granted by the Stock Exchange, no extraordinary general meeting of the Company will be held for the purpose of considering and approving the Revised Annual Cap and the Renewed Annual Caps. If the abovementioned waiver is not granted by the Stock Exchange, the Company will convene an extraordinary general meeting to obtain the requisite approval from the Shareholders.



## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An Independent Board Committee consisting of all independent non-executive Directors has been formed to advise the Shareholders on the Revised Annual Cap and the Renewed Annual Caps. The Company has appointed an Independent Financial Advisor to advise the Independent Board Committee and the Shareholders on the Revised Annual Cap and the Renewed Annual Caps.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, details of the Revised Annual Cap and the Renewed Annual Caps, the recommendation from the Independent Board Committee and the advice of the Independent Financial Adviser, will be dispatched to the Shareholders on or before 28 May 2021. If it is expected that there will be a delay to the dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## **DEFINITIONS**

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

“associate”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Forward Fashion (International) Holdings Company Limited (尚晉(國際)控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 2528)
“connected person(s)”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Factory S.R.L.”	Factory S.R.L., a company incorporated in Italy and an Independent Third Party
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, consisting of all independent non-executive Directors, which has been formed by the Board to advise the Shareholders on the Revised Annual Cap and the Renewed Annual Caps
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which has been appointed by the Company to advise the Independent Board Committee and the Shareholders in respect of the Revised Annual Cap and the Renewed Annual Caps
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the main board of the Stock Exchange
“NB China”	NB China Limited (盈冠商貿有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company. It is owned as to approximately 60% by World First International and approximately 40% by Twelve S.A.
“NB Cooperation Agreement”	the cooperation agreement dated 15 April 2015 entered into among Twelve S.A., White S.R.L. and World First International, as further supplemented on 3 October 2016 and 10 September 2018, in relation to, among other things, the formation of NB China for the promotion, marketing and distribution of Products in Macau and the PRC

“Original Annual Cap”	the original maximum transaction amount for the purchase of Products from White S.R.L. under the NB Cooperation Agreement for the year ending 31 December 2021, being HK\$3 million
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Products”	the <i>Neil Barrett</i> brand ready-to-wear products and accessories (with the exception of underwear, perfumes, glasses, sunglasses, children clothing, skiwear, watches, beachwear, jewels and homewear)
“Prospectus”	the prospectus of the Company dated 30 December 2019
“Renewed Annual Caps”	the maximum transaction amount for the purchase of Products from White S.R.L. under the NB Cooperation Agreement for the two years ending 31 December 2023, being HK\$56 million and HK\$64 million, respectively
“Revised Annual Cap”	the revised maximum transaction amount for the purchase of Products from White S.R.L. under the NB Cooperation Agreement for the year ending 31 December 2021, being HK\$39 million
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as defined in the Listing Rules
“Twelve S.A.”	Twelve S.A., a company incorporated in Luxembourg which indirectly wholly owns White S.R.L.
“White S.R.L.”	White S.R.L., a company incorporated in Italy and the brand owner of <i>Neil Barrett</i>

“World First International” World First International Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent.

By Order of the Board  
**Forward Fashion (International) Holdings Company Limited**  
**Fan Wing Ting**  
*Chairman*

Hong Kong, 6 May 2021

*As at the date of this announcement, the Board comprises Mr. Fan Wing Ting, Ms. Chen Xingyi, Mr. Kevin Trantallis, Mr. Fong Yat Ming and Ms. Fan Tammy as the Executive Directors, and Mr. Chau Kwok Keung, Mr. Yu Chun Kau and Mr. Cheung Chun Yue, Anthony as the Independent Non-executive Directors.*