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ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(STOCK CODE: 00330)

ADOPTION OF EMPLOYEES' SHARE AWARD SCHEME

The Board is pleased to announce that it has adopted the Share Award Scheme on the Adoption Date. The adoption of the Share Award Scheme will provide additional flexibility for the Board to incentivise and retain selected senior management of the Group. The Directors strongly believe that the continued success of the Group is closely tied with the commitment and efforts of the Employees.

The Company has appointed Computershare Hong Kong Trustees Limited as the Trustee of the Trust for the purposes of the Share Award Scheme. The Trustee shall purchase the required number of Shares from the market and shall hold such Shares on trust for the relevant Selected Employees until they are vested and delivered in accordance with the Scheme Rules and the conditions of the award of such Awarded Shares (if any).

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The Company has appointed Computershare Hong Kong Trustees Limited as the Trustee for the purposes of the Share Award Scheme. Pursuant to the Scheme Rules, the Trustee shall purchase the required number of Shares from the market out of cash to be paid by the Company out of the Company's funds to the Trustee. The Trustee shall hold such Shares on trust for the relevant Selected Employees until they are vested and delivered in accordance with the Scheme Rules and the conditions of the award of such Awarded Shares (if any). Only Selected Employee(s) of the Group selected by the Board is eligible to participate in the Share Award Scheme.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The Share Award Scheme does not involve issue of any new Shares to the Trustee or the Selected Employees by the Company.

A summary of the Scheme Rules is set out below:–

Administration

The Share Award Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules together with the Trustee in accordance with the Scheme Rules.

Scheme Period

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for ten years commencing on the Adoption Date.

Scheme Limit

The Board shall not make any further Award which will result in, as immediately after the grant of such Award, the number of Shares awarded by the Board under the Share Award Scheme representing in excess of three per cent of the number of Shares in issue as at the Adoption Date (subject to adjustment in the event of a capitalisation issue, rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)). In calculating the total number of Shares under the Share Award Scheme, the Awarded Shares which have lapsed need not be counted.

The maximum number of Shares which may be awarded to a Selected Employee under the Share Award Scheme as at the date of the grant shall not exceed one per cent of the number of Shares in issue as at the Adoption Date (subject to adjustment in the event of a capitalisation issue, rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)).

The Board may from time to time “refresh” the Share Award Scheme limit provided that the total number of Awarded Shares granted and to be granted must not exceed five per cent of the Shares in issue at the date of the resolution to approve the “refreshed” limit.

Restrictions

No payment shall be made to the Trustee, no discretion shall be exercised by the Board or the remuneration committee of the Board pursuant to the Scheme Rules and no instructions to deal in any Shares shall be given to the Trustee under the Share Award Scheme where such payment, exercise of discretion or giving of instructions (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or other applicable laws from time to time (and such prohibition has not been waived in respect of the Company).

Operation

Pursuant to the Scheme Rules, the Board shall select any Employee(s) (excluding any Excluded Employee) for participation of the Share Award Scheme as a Selected Employee and determine the number of Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company’s resources. The Trustee shall purchase from the market the relevant number of Shares awarded and shall hold such Shares on trust for the relevant Selected Employees until they are vested and delivered in accordance with the Scheme Rules and the conditions of the award of such Awarded Shares (if any).

The Selected Employees shall return the duly executed acceptance notice to the Board within the stipulated period for accepting the award of Awarded Shares in accordance with the terms of the Scheme Rules. Otherwise the Awarded Shares granted will be deemed as unaccepted Shares.

The Trustee will hold the Awarded Shares on trust for the Selected Employees until they are vested. When the relevant Selected Employee has satisfied all vesting conditions specified by the Board on the vesting date and become entitled to the Awarded Shares, the Trustee will transfer the relevant Awarded Shares to that Selected Employee in accordance with the terms of the Scheme Rules. The relevant Selected Employee however is not entitled to receive any income or distributions, such as dividend derived from the Awarded Shares allocated to him, prior to the vesting of the Awarded Shares.

Vesting and Lapse

The Board has the power, at its absolute discretion, to determine the terms and conditions in respect of each Award, including but not limited to the vesting date and other vesting conditions, which shall be set out in the award letter to be issued by the Company to the relevant Selected Employee.

An award shall automatically lapse when:–

- the Board determines that no Awarded Shares shall vest because any or all of the performance conditions and other vesting conditions applicable to such Selected Employee has not been satisfied or waived by the Board;
- a Selected Employee ceases to be an Employee by reason of (i) the resignation of the Selected Employee's employment; or (ii) the termination of his employment by the Company or the relevant subsidiary of the Company on the grounds that he has been guilty of misconduct, or has become insolvent or is unable or has no reasonable prospects of being able to pay his debts, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Selected Employee's service contract or terms of office with the Company or the relevant subsidiary of the Company; or
- an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

After the grant of an Award and at any time on or prior to the vesting date, in the event of:–

- the Selected Employee (i) dies; (ii) retires at his normal retirement date or earlier or later date by agreement with the Company or the relevant subsidiary of the Company; (iii) ceases to be an Employee as the employment is terminated on the ground of disability due to physical injury or ill health or insanity; (iv) ceases to be an Employee as the employment is terminated by the Company or the relevant subsidiary of the Company except for the termination on the ground of misconduct; or (v) ceases to be an Employee but becomes, or continues to be, a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an affiliate;
- the relevant subsidiary of the Group by which a Selected Employee is employed ceases to be a member of the Group; or
- a Selected Employee is found to be an Excluded Employee,

then, the Board may, at its absolute discretion, determine whether any Awarded Shares shall vest, and if, affirmative, the number of Awarded Shares shall vest on the vesting date as original provided in the relevant award letter or such other date as the Board may determine in its absolute discretion.

In the event a Selected Employee is found to be an Excluded Employee after the grant of the Award, subject to the prior consent of the Board, the Trustee shall sell such number of Awarded Shares not so transferred to the extent that is sufficient for the purpose of satisfying the Award(s) of the relevant Selected Employee as set out in the award letter and pay an amount in cash equal to the market value with the proceeds of that sale (after deduction of costs incurred) to the relevant Selected Employee immediately after the completion of the sale.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, and further Shares acquired out of the income derived therefrom).

Termination

The Share Award Scheme shall terminate on the earlier of the tenth anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Employees.

Upon expiry of the Trust Period, the Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee within 20 Business Days (on which the trading of the Shares has not been suspended) of receiving notice of the termination of the Share Award Scheme (or such longer period as the Board may otherwise determine); and the net proceeds of sale of the remaining Shares and non-cash and non-scrip distributions in respect of the Shares and such other remaining funds (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company immediately upon expiry of the Trust Period, or if later immediately after the sale.

Definitions

“Adoption Date”	17 March 2016, being the date on which the board of directors of the Company adopted the Share Award Scheme
“Award”	means, awards of Shares purchased with and/or allocated by applying (as the case may be) the amount, or the awards of a designated number of Awarded Shares, as the case may be, set by the Board to the Selected Employees which may vest in the form of Awarded Shares or in cash as the Board may determine in accordance with the terms of the Share Award Scheme
“Awarded Shares”	means the Shares granted to a Selected Employee pursuant to an Award in accordance with the terms as set out in an award letter and purchased by the Trustee to service the Share Award Scheme, and “ Awarded Share ” means any one of them
“Board”	the board of directors of the Company, such committee or sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Share Award Scheme
“Business Day”	means a day (other than a Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong

“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00330)
“Director(s)”	the director of the Company
“Employee”	means any employee (including without limitation any executive director) of any member of the Group
“Excluded Employee”	means any Employee who is resident in a place where the settlement of the amount caused to be paid by the Board to the Trustee for the purchase of Shares awarded and the award of Shares and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Employee
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Scheme Rules”	the rules relating to the Share Award Scheme adopted by the board of directors of the Company
“Selected Employee(s)”	Employee(s) of the Group selected by the Board for participation in the Share Award Scheme pursuant to the Scheme Rules
“Shares”	ordinary share(s) in the capital of the Company
“Share Award Scheme”	the Employees’ Share Award Scheme adopted by the board of directors of the Company on the Adoption Date whereby awards of Shares may be made to employees of the Company or its subsidiaries (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	means the trust or trusts declared by the Trust Deed
“Trust Deed”	the trust deed entered into between the Company and the Trustee in respect of the administration of the Share Award Scheme

“Trust Period”	means the period beginning with the Adoption Date and ending upon, whichever is later, (i) the termination or expiry of the Scheme Period or (ii) all of the outstanding Awards granted but not yet accepted have been accepted and the underlying Awarded Shares (in respect of the outstanding vested or unvested Awards that have been accepted) have failed to vest or have been forfeited or delivered, as the case may be, in accordance with the Share Award Scheme
“Trustee”	Computershare Hong Kong Trustees Limited, the trustee appointed by the Company for the administration of the Share Award Scheme

By Order of the Board
Florence Ng Wai Yin
Company Secretary

Hong Kong, 18 March 2016

As at the date of this announcement, the Board comprises (i) Mr Jose Manuel Martínez Gutiérrez (Group Chief Executive Officer) and Mr Thomas Tang Wing Yung (Group Chief Financial Officer) as Executive Directors; (ii) Mr Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Dr Raymond Or Ching Fai (Chairman), Mr Paul Cheng Ming Fun (Deputy Chairman), Dr José María Castellano Ríos, Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt as Independent Non-executive Directors.