
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the proposals referred to in this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Esprit Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ESPRIT
ESPRIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code: 00330

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE NEW SHARES,
RE-ELECTION/ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 5 December 2019 at 2:30 pm or any adjournment of the meeting is set out on pages 6 to 9 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed on it and return it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority, to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting thereof (as the case may be) if you so wish and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

Hong Kong, 4 November 2019

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	
INTRODUCTION	1
GRANTING OF THE REPURCHASE MANDATE	2
GRANTING OF THE ISSUE MANDATE	2
RE-ELECTION/ELECTION OF DIRECTORS	3
ANNUAL GENERAL MEETING	4
RESPONSIBILITY STATEMENT	5
RECOMMENDATIONS	5
ADDITIONAL INFORMATION	5
NOTICE OF ANNUAL GENERAL MEETING	6
APPENDIX I — EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE ..	10
APPENDIX II — PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION/ ELECTION	13

DEFINITIONS

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

“2009 Share Option Scheme”	the share option scheme of the Company adopted at an annual general meeting of the Company held on 10 December 2009
“2018 Share Option Scheme”	the share option scheme of the Company adopted at an annual general meeting of the Company held on 5 December 2018
“Annual General Meeting”	the annual general meeting of the Company to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 5 December 2019 at 2:30 pm, the notice of which is set out on pages 6 to 9 of this circular, or any adjournment thereof
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Member(s)” or “Shareholder(s)”	duly registered holder(s) of Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“%”	per cent.

Reference to times and dates in this circular are to Hong Kong times and dates.

ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00330

Executive Directors:

Dr Raymond OR Ching Fai

Executive Chairman

Anders Christian KRISTIANSEN

Group Chief Executive Officer

Dr Johannes Georg SCHMIDT-SCHULTES

Group Chief Financial Officer

Non-executive Director:

Jürgen Alfred Rudolf FRIEDRICH

Independent Non-executive Directors:

Alexander Reid HAMILTON

Carmelo LEE Ka Sze

Norbert Adolf PLATT

Sandrine Suzanne Eleonore Agar ZERBIB

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Principal place of business in Hong Kong:

Unit 1101, 11/F

Goldin Financial Global Centre

17 Kai Cheung Road

Kowloon Bay

Kowloon

Hong Kong

4 November 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE NEW SHARES,
RE-ELECTION/ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you information regarding the resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against the proposed resolutions. The proposed resolutions include, among other matters, (i) the granting of the Repurchase Mandate (as defined below) to the Directors; (ii) the granting of the Issue Mandate (as defined below) to the Directors; and (iii) the re-election/election of the retiring Directors.

LETTER FROM THE BOARD

GRANTING OF THE REPURCHASE MANDATE (*Resolution 4*)

As the existing general mandate to repurchase Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the Annual General Meeting, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general mandate to exercise all powers of the Company to repurchase up to 10% of the total number of the Shares in issue as at the date of passing of the resolution at the Annual General Meeting (the “Repurchase Mandate”).

The Repurchase Mandate will lapse on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

Details of the proposed resolution on the Repurchase Mandate are set out in resolution 4 of the notice of the Annual General Meeting. An explanatory statement, as required by the Listing Rules, in connection with the Repurchase Mandate is set out in Appendix I to this circular.

GRANTING OF THE ISSUE MANDATE (*Resolution 5*)

As the existing general mandate to issue Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the Annual General Meeting, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general and unconditional mandate to issue Shares up to 5% of the total number of the Shares in issue (rather than 20% and without any increase for share repurchased as allowed under the Listing Rules) as at the date of passing of the resolution at the Annual General Meeting (the “Issue Mandate”). Any Shares to be allotted or issued pursuant to the Issue Mandate shall not be at a discount of more than 10% (rather than 20% as limited under the Listing Rules) and any refreshment of the Issue Mandate before the next annual general meeting shall be subject to approval of Shareholders in accordance with the Listing Rules.

The Issue Mandate will lapse on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

Purpose of the Issue Mandate

The purpose of the Issue Mandate is to give the Directors flexibility to issue new Shares without having first to obtain the consent of Shareholders in general meeting. The need for such an issue of new Shares could arise, for example, in the context of a transaction which had to be completed in a timely manner, such as the acquisition of a target. The Board is of the view that the granting of such authority is now commonplace in Hong Kong and it would be in the interests of the Company if the authority was granted.

LETTER FROM THE BOARD

Restrictions on dilution, discounts and refreshments

The Board draws the attention of Shareholders to the relevant provisions of the Listing Rules regarding the Issue Mandate, in particular the restriction on dilution, the restriction on discounts and the restrictions on refreshments set out in rules 13.36(2)(b), 13.36(4) and 13.36(5) of the Listing Rules respectively. Broadly, these rules provide that (a) the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of 20% of the number of issued shares of a listed issuer; (b) where securities are being placed for cash consideration, a listed issuer may not issue any securities pursuant to its issue mandate at a price representing a discount of 20% or more; and (c) any refreshments of its issue mandate before the next annual general meeting is subject to the prior approval of the shareholders in a general meeting.

The Board recommends the Shareholders also refer to rule 13.36 of the Listing Rules for further information.

Other information on the Issue Mandate

Other than pursuant to any share option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, and pursuant to any scrip dividend reinvestment scheme of the Company, the Board has no present intention to grant or issue any further new Shares.

Details of the proposed resolution on the Issue Mandate are set out in resolution 5 of the notice of the Annual General Meeting.

RE-ELECTION/ELECTION OF DIRECTORS (*Resolution 2*)

In accordance with bye-law 87(1) of the Bye-laws, Dr Raymond Or Ching Fai, Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt will retire from office by rotation at the Annual General Meeting. Dr Or, Mr Lee and Mr Platt, being eligible, have offered themselves for re-election while Mr Hamilton will not stand for re-election after his retirement by rotation. Accordingly, Mr Hamilton will retire as Independent Non-executive Director of the Company with effect from the conclusion of the Annual General Meeting.

In addition, in accordance with bye-law 86(2) of the Bye-laws, Dr Johannes Georg Schmidt-Schultes and Ms Sandrine Suzanne Eleonore Agar Zerbib, being directors appointed by the Board after the Company's last annual general meeting, will retire at the Annual General Meeting and, being eligible, will offer themselves for election at the Annual General Meeting.

With regard to the election of Ms Zerbib as an Independent Non-executive Director, the Nomination Committee oversaw a search for suitable candidates. Ms Zerbib emerged as the preferred candidate having regard to her mix of skills and experience, especially her digital brand management, e-commerce operations and extensive experience in apparel industry in China. She has provided diversity of gender, experience, skills, expertise and background to the Board. The Nomination Committee considered the proposed appointment of Ms Zerbib and endorsed the appointment for approval by the Board. She was then appointed by the Board on 3 October 2019 as an Independent Non-executive Director. The Nomination Committee was satisfied that the appointment of Ms Zerbib enhanced the diversity of the Board having regard to her expertise, background and experience.

LETTER FROM THE BOARD

The Company has received confirmation from Mr Lee, Mr Platt and Ms Zerbib as to their independence in compliance with the requirements set out in rule 3.13 of the Listing Rules. The Nomination Committee of the Board has assessed the independence of Mr Lee, Mr Platt and Ms Zerbib (with Mr Lee abstaining from assessing his own independence) and considered them continue to be independent. In assessing the independence of an Independent Non-executive Director, the Nomination Committee would consider the character and the judgement demonstrated by the Director's contribution to the Board during the years of services, the relationship with the Group other than being a Director, the past and present directorships and important appointments of the Director outside the Group. The proposed re-election/election for each of the above Directors will be considered by separate resolutions at the Annual General Meeting.

In accordance with the terms of reference of the Nomination Committee with due regard to the board diversity policy of the Board, the Nomination Committee nominated Dr Or, Mr Lee, Mr Platt, Dr Schmidt-Schultes and Ms Zerbib to the Board for re-election/election. The Board is pleased to recommend Dr Or, Mr Lee, Mr Platt, Dr Schmidt-Schultes and Ms Zerbib for re-election/election as Directors at the Annual General Meeting.

Particulars of the Directors proposed to be re-elected/elected at the Annual General Meeting are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 6 to 9 of this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the granting of the Repurchase Mandate, the granting of the Issue Mandate and the re-election/election of retiring Directors.

The chairman of the Annual General Meeting will put forth each of the resolutions to be proposed at such meeting to be voted by way of a poll pursuant to bye-law 66 of the Bye-laws. As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge and having made all reasonable enquires, any of their associates was aware of any Shareholder who is required to abstain from voting at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority, to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting thereof (as the case may be) if you so wish and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

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 Company. 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.

RECOMMENDATIONS

The Board considers that the granting of the Repurchase Mandate, the granting of the Issue Mandate and the re-election/election of retiring Directors are in the best interests of the Company and its Shareholders as a whole and accordingly recommends you to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Esprit Holdings Limited
Dr Raymond Or Ching Fai
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00330

NOTICE IS HEREBY GIVEN that the annual general meeting of Esprit Holdings Limited (the “**Company**”) will be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 5 December 2019 at 2:30 pm (the “**Annual General Meeting**”) for the purpose of transacting the following businesses:

As to ordinary business:

1. To receive the audited consolidated financial statements and the Reports of the Directors and Independent Auditor of the Group for the year ended 30 June 2019;
2. (a) To re-elect Dr Raymond Or Ching Fai as director of the Company (the “**Director**”);

(b) To re-elect Mr Carmelo Lee Ka Sze as Director;

(c) To re-elect Mr Norbert Adolf Platt as Director;

(d) To elect Dr Johannes Georg Schmidt-Schultes as Director;

(e) To elect Ms Sandrine Suzanne Eleonore Agar Zerbib as Director; and

(f) To authorize the board of Directors to fix the directors’ fees;
3. To re-appoint Messrs. PricewaterhouseCoopers as auditor of the Company at a remuneration to be determined by the Directors;

and as to special business, to consider and, if thought fit, pass with or without modification, the following resolutions 4 and 5 as ordinary resolutions:

ORDINARY RESOLUTIONS

4. “**THAT:**
 - (a) subject to paragraph 4(c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to repurchase shares in the capital of the Company (“**Shares**”) in issue and any securities which carry a right to subscribe for or purchase Shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph 4(a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period (as defined in paragraph 4(d) below) to procure the Company to repurchase its Shares and any securities which carry a right to subscribe for or purchase Shares at a price determined by the Directors;
- (c) the aggregate number of Shares which may be purchased pursuant to the approval in paragraphs 4(a) and 4(b) above shall not exceed 10% of the total number of Shares in issue, and the aggregate number of any securities which carry a right to subscribe for or purchase Shares which may be purchased pursuant to the approval in paragraphs 4(a) and 4(b) above shall not exceed 10% of the total number of such securities of the Company (or any relevant class thereof), in each case in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings.”

5. “**THAT:**

- (a) subject to paragraphs 5(b) and 5(c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 5(d) below) of all the powers of the Company to allot, issue and deal with additional Shares, to grant rights to subscribe for, or convert any security into, Shares (including but not limited to the issue of any securities converted into shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which would or might require the exercise of such power during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with, pursuant to the approval in paragraph 5(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 5(d) below), or (ii) any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into Shares, or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend in accordance with the bye-laws of the Company, shall not exceed 5% of the total number of Shares in issue as at the date of passing of this resolution;

NOTICE OF ANNUAL GENERAL MEETING

- (c) where the Shares are being issued for cash consideration pursuant to the approval in paragraph 5(a) above, the Company may not issue any additional Shares at a discount of more than 10% to the Benchmark Price (as defined in paragraph 5(d) below); and any refreshments of the approval in paragraph 5(a) above before the next annual general meeting of the Company is subject to the prior approval of the shareholders of the Company in a general meeting; and
- (d) for the purposes of this resolution:

“**Benchmark Price**” means the higher of:

- (i) the closing price of Shares as quoted on The Stock Exchange of Hong Kong Limited on the date of the agreement involving the relevant proposed issue of Shares; and
- (ii) the average closing price of Shares as quoted on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the earlier of: (aa) the date of announcement of the transaction or arrangement involving the relevant proposed issue of Shares; (bb) the date of the agreement involving the relevant proposed issue of Shares; and (cc) the date on which the price of Shares proposed to be issued is fixed.

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class thereof whose names stand on the registers of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

By order of the Board
Esprit Holdings Limited
Hung Lee Lee
Company Secretary

Hong Kong, 4 November 2019

NOTICE OF ANNUAL GENERAL MEETING

Principal place of business in Hong Kong:
Unit 1101, 11/F
Goldin Financial Global Centre
17 Kai Cheung Road
Kowloon Bay
Kowloon
Hong Kong

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Notes:

- (a) A shareholder of the Company entitled to attend and vote at the Annual General Meeting or any adjournment meeting thereof (as the case may be) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy needs not be a shareholder of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares of the Company in respect of which each such proxy is appointed. A form of proxy for use in connection with the Annual General Meeting is enclosed with the circular to the shareholders of the Company dated 4 November 2019.
- (b) Where there are joint registered holders of any share of the Company, any one of such joint registered holders may vote at the Annual General Meeting or any adjourned meeting thereof (as the case may be), either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto; but if more than one of such joint registered holders, whether in person or by proxy, be present at the Annual General Meeting or any adjourned meeting thereof (as the case may be), that one of the said persons so present whose name stands first on the Registers of Members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (c) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be).
- (d) For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the Annual General Meeting, the Registers of Members of the Company will be closed as set out below:
- | | |
|--|---|
| Latest time to lodge transfer documents for registration | At 4:30 pm on Friday, 29 November 2019 |
| Closure of Registers of Members | Monday, 2 December 2019 to
Thursday, 5 December 2019
(both dates inclusive) |
| Record date | Thursday, 5 December 2019 |
- During the above closure period, no transfer of shares of the Company will be effected. To be eligible to attend and vote at the Annual General Meeting, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.
- (e) At the Annual General Meeting, the chairman of the meeting will exercise his power under bye-law 66 of the Bye-laws of the Company to put each of the resolutions set out in the notice of the Annual General Meeting to be voted by way of poll. On a poll, every shareholder present in person (or in the case of a corporation by its authorized representative) or by proxy shall have one vote for every share of which he/she/it is the holder.
- (f) Upon arrival at the venue of the Annual General Meeting, voting slip(s) will be given to every shareholder present in person (or in the case of a corporation by its authorized representative) or by proxy to mark his/her/its vote(s). The voting slips will be collected by the scrutineer towards the end of such meeting. After verification by the scrutineer, the poll results will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited.
- (g) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (h) As at the date hereof, the board of Directors comprises (i) Dr Raymond Or Ching Fai (Executive Chairman), Mr Anders Christian Kristiansen (Group Chief Executive Officer) and Dr Johannes Georg Schmidt-Schultes (Group Chief Financial Officer) as Executive Directors; (ii) Mr Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze, Mr Norbert Adolf Platt and Ms Sandrine Suzanne Eleonore Agar Zerbib as Independent Non-executive Directors.

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the authorized share capital of the Company was 3,000,000,000 Shares, of which 1,887,211,562 Shares were issued and fully paid.

On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Repurchase Mandate, if granted, would allow the Company to repurchase up to 188,721,156 Shares (which represent 10% of the Shares in issue as at the Latest Practicable Date) during the period from the date of passing the resolution at the Annual General Meeting up to the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or (iii) the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net asset value of the Company and its assets and/or earnings per Share. The Directors are seeking the grant of the Repurchase Mandate to give the Company the flexibility to repurchase Shares if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which they are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then prevailing.

FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases will be made out of funds which are legally available for such purpose in accordance with all applicable laws of Bermuda, the memorandum of association and the Bye-laws of the Company and the Listing Rules.

Under Bermuda law, share repurchases may only be made out of the capital paid up on the relevant Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase; and any premium, if any, payable may only be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

The Directors do not propose to make any share repurchases to the extent that it would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company. Based on the audited consolidated financial statements of the Company as at 30 June 2019 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate during the proposed Repurchase Mandate period might have a material adverse impact on the working capital position or gearing position of the Company.

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Per Share	
	Highest	Lowest
	HK\$	HK\$
2018		
October	2.17	1.76
November	2.15	1.76
December	1.89	1.48
2019		
January	1.74	1.48
February	2.09	1.63
March	1.87	1.68
April	1.77	1.56
May	1.65	1.51
June	1.62	1.46
July	1.54	1.30
August	1.32	1.11
September	1.64	1.17
October (up to the Latest Practicable Date)	1.67	1.46

Source: quoted prices from the Stock Exchange's website (www.hkex.com.hk)

REPURCHASE OF SHARES

The Company has not repurchased any Shares on the Stock Exchange during the six months immediately preceding the Latest Practicable Date.

EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in a Shareholder's proportionate interest in the voting rights of the Company, which will be treated as an acquisition of voting rights for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation for the relevant Shareholder(s) to make a mandatory offer in accordance with rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors, Total Market Limited (which is 33.33%, 33.33% and 33.33% owned by Ms Claudine Lauren Ying, Ms Eileen Ying and Ms Melani Ying respectively), the Company's largest single Shareholder, held 211,822,656 Shares, representing approximately 11.22% of the total issued share capital of the Company as at such date.

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

On the basis that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting and in the event that the Directors exercise in full the Repurchase Mandate on the date of the Annual General Meeting, the attributable interest of Total Market Limited, Ms Claudine Lauren Ying, Ms Eileen Ying and Ms Melani Ying in the Company would be increased to approximately 12.47% of the total issued share capital of the Company. Accordingly, the Directors are not aware of any consequences that would give rise to an obligation to make a mandatory offer under rules 26 and 32 of the Takeovers Code in the event that the Repurchase Mandate is exercised in full.

DIRECTORS AND THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate, in the event the Repurchase Mandate is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company, in the event the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the memorandum of association and the Bye-laws of the Company.

As at the Latest Practicable Date, particulars of the Directors proposed for re-election/election are as follows:

Dr Raymond Or Ching Fai, aged 69, is Executive Chairman of the Board and Executive Director of the Company. He was appointed as Independent Non-executive Director of the Company in March 1996 and became Independent Non-executive Chairman of the Board since June 2012 until his re-designation as Executive Chairman and Executive Director effective 1 April 2018. He is also the Chairman of the Nomination Committee and a member of the General Committee of the Board, a director of certain subsidiaries, and a trustee of a charitable trust of the Company.

Dr Or was conferred an Honorary Doctor of Social Science by the City University of Hong Kong in November 2014. He is a non-executive director and non-executive chairman of China Strategic Holdings Limited. He is also an independent non-executive director of Chow Tai Fook Jewellery Group Limited, Regina Miracle International (Holdings) Limited and Television Broadcasts Limited. All these companies are listed on the Stock Exchange. Dr Or was the former vice chairman and chief executive of Hang Seng Bank Limited, the former chairman of Hang Seng Life Limited and a director of The Hongkong and Shanghai Banking Corporation Limited, Cathay Pacific Airways Limited and Hutchison Whampoa Limited until his retirement in May 2009. He was also the former vice chairman and independent non-executive director of G-Resources Group Ltd., the former independent non-executive director of Industrial and Commercial Bank of China Limited and the former deputy chairman and non-executive director of Aquis Entertainment Limited (a company listed on the Australian Securities Exchange). He was the former chief executive officer of China Strategic Holdings Limited until he stepped down on 18 January 2018 and was executive director and executive chairman until his re-designation on 1 April 2018. Save as disclosed above, Dr Or has not held any directorships in listed public companies in the last three years.

As at the Latest Practicable Date, Dr Or is interested or deemed to be interested in 3,000,000 Shares and holds such share options granted to him under the 2009 Share Option Scheme entitling him to subscribe for 8,450,000 Shares, representing 0.60% of the total issued share capital of the Company. Out of his interest in 3,000,000 Shares, 200,000 Shares were jointly held by himself and his spouse, Mrs Or Wong Lai Ning. Save as disclosed herein, Dr Or does not have any interests in the Shares within the meaning of Part XV of the SFO.

Dr Or has entered into a service contract with the Company, which may be terminated by either party by serving 12 months' notice in writing. He is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. As Executive Chairman of the Board and Executive Director of the Company, Dr Or is entitled to a salary of HK\$11,000,000 per annum with annual guaranteed bonus of HK\$4,500,000. Dr Or's remuneration has been reviewed by the Remuneration Committee and was determined with reference to his professional background, the time commitment required, the responsibilities of the role, the salaries paid by comparable companies and employment conditions elsewhere in the Group.

Mr Carmelo Lee Ka Sze, aged 59, has been an Independent Non-executive Director of the Company since July 2013. He is the Chairman of the Risk Management Committee and a member of the Nomination Committee and the Remuneration Committee of the Board. He is a partner of Messrs. Woo Kwan Lee & Lo, Solicitors & Notaries. Mr Lee is appointed as a chairman of the Listing Review Committee of the Stock Exchange with effect from 5 July 2019. He is a convenor and member of the Financial Reporting Review Panel of the Financial Reporting Council of Hong Kong, a Chairman of the Appeal Tribunal Panel constituted under the Buildings Ordinance, a member of the InnoHK Steering Committee, a member of the Campaign Committee and a Co-Chairman of the Corporate Challenge Half Marathon of The Community Chest of Hong Kong. He served as the chairman of the Listing Committee of the Stock Exchange from 2012 to 2015 after serving as deputy chairman and member of the Listing Committee of the Stock Exchange from 2009 to 2012 and from 2000 to 2003 respectively. Mr Lee was a member of the SFC (HKEC Listing) Committee until 1 April 2018.

Mr Lee obtained a Bachelor of Laws degree and Postgraduate Certificate in Laws from The University of Hong Kong and qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory, Australia.

Mr Lee is a non-executive director of CSPC Pharmaceutical Group Limited and Safety Godown Company Limited and an independent non-executive director of KWG Property Holding Limited and China Pacific Insurance (Group) Co., Ltd., all these companies are listed on the Stock Exchange. He was a non-executive director of Hopewell Holdings Limited until May 2019, Yugang International Limited (now known as Planetree International Development Limited) until April 2019 and Termbray Industries International (Holdings) Limited until September 2019. Save as disclosed above, Mr Lee has not held any directorships in listed public companies in the last three years.

As at the Latest Practicable Date, Mr Lee holds such share options granted to him under the 2009 Share Option Scheme entitling him to subscribe for 600,000 Shares, representing 0.03% of the total issued share capital of the Company. Save as disclosed herein, Mr Lee does not have any interests in Shares within the meaning of Part XV of the SFO.

Mr Lee does not have a service contract with the Company. He has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Lee is entitled to a director's fee of HK\$800,000 per annum, which comprises HK\$480,000 for his directorship, HK\$150,000 for acting as Chairman of the Risk Management Committee, HK\$85,000 for acting as a member of the Nomination Committee and HK\$85,000 for acting as a member of the Remuneration Committee. Mr Lee's director's fee has been determined by reference to the level of remuneration for non-executive directors of listed companies with a global operation and the demand of the Company for Mr Lee's attention as one of its Independent Non-executive Directors.

Mr Norbert Adolf Platt, aged 72, has been an Independent Non-executive Director of the Company since December 2012. He is the Chairman of the Remuneration Committee and a member of the Audit Committee of the Board. He has 40 years of extensive experience in the industry of luxury goods. Mr Platt was the chief executive officer of the Richemont group from October 2004 to March 2010. The Richemont group's luxury goods interests encompass a portfolio of internationally renowned brands including Cartier, Van Cleef & Arpels, Piaget, Montblanc, Chloé and Alfred Dunhill. Under his leadership, the Richemont group recorded significant growth in turnover and profits. Mr Platt was also a non-executive director of Compagnie Financière Richemont SA (the holding company of the Richemont group which is listed in Switzerland) until his retirement on 13 September 2017.

Since July 2019 he is a member of the advisory board of Occhion GmbH München. Prior to acting as chief executive officer of the Richemont group, Mr Platt was the chief executive officer of Montblanc International GmbH (“Montblanc International”) between 1987 and 2004. Mr Platt successfully transformed Montblanc International from a maker of writing instruments into a diversified and globally renowned manufacturer of luxury goods. Under his leadership, Montblanc International recorded remarkable growth in its turnover. Mr Platt remained as the chairman of Montblanc Simplo GmbH based in Hamburg, Germany until 30 June 2013. From 1972 to 1987, Mr Platt held various chief executive positions in Rollei Singapore and Germany.

Mr Platt graduated with a Master of Science Degree in Precision Mechanical Engineering, and attended business management and marketing programs at Harvard Business School of Harvard University and INSEAD. Save as disclosed above, Mr Platt has not held any directorships in listed public companies in the last three years.

As at the Latest Practicable Date, Mr Platt is interested or deemed to be interested in 2,084,200 Shares and holds such share options granted to him under the 2009 Share Option Scheme entitling him to subscribe for 610,000 Shares, representing 0.14% of the total issued share capital of the Company. The 2,084,200 Shares were jointly held by himself and his spouse, Mrs Rosalyn Platt. Save as disclosed herein, Mr Platt does not have any interests in Shares within the meaning of Part XV of the SFO.

Mr Platt does not have a service contract with the Company. He has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Platt is entitled to a director’s fee of HK\$730,000 per annum, which comprises HK\$480,000 for his directorship, HK\$150,000 for acting as Chairman of the Remuneration Committee and HK\$100,000 for acting as a member of the Audit Committee. Mr Platt’s director’s fee has been determined by reference to the level of remuneration for non-executive directors of listed companies with a global operation and the demand of the Company for Mr Platt’s attention as one of its Independent Non-executive Directors.

Dr Johannes Georg Schmidt-Schultes, aged 53, has been appointed as Executive Director of the Company and Group Chief Financial Officer effective 21 October 2019. He is a member of the Risk Management Committee and the General Committee of the Board and a director of certain subsidiaries of the Company. He obtained his PhD in Finance from Ludwig Maximilians University in Munich, Germany, and is an internationally experienced, fully-rounded finance executive. Dr Schmidt-Schultes has most recently served as chief financial officer and executive director of BMI Group Holdings UK Limited. He was the former chief financial officer and executive director of Apleona Group GmbH in 2017 and of Semperit AG Holding (a company listed on the Vienna Stock Exchange) from 2011 to 2017. He was the former deputy group chief financial officer of Telstra Corporation Limited (a company listed on the Australian Securities Exchange) from 2007 to 2011. Prior to this role, Dr Schmidt-Schultes was the finance director and executive director of T-Mobile (UK) Limited (2004 - 2007) and T-Mobile Austria GmbH (2001 - 2004). Save as disclosed above, Dr Schmidt-Schultes has not held any directorships in listed public companies in the last three years.

As at the Latest Practicable Date, Dr Schmidt-Schultes has no interest in Shares within the meaning of Part XV of the SFO.

Dr Schmidt-Schultes has entered into an employment contract with the Company that may be terminated by either party by serving six months' notice in writing. He has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Dr Schmidt-Schultes is entitled to a salary of EUR600,000 per annum with an annual discretionary bonus opportunity of EUR300,000, of which EUR150,000 is guaranteed in the first year. He is also entitled to a sign-on bonus of EUR50,000, a car allowance of EUR20,400 per annum and a maximum reimbursement of relocation expenses of EUR50,000. As soon as practicable, following the commencement of the term of Dr Schmidt-Schultes's employment, 2,000,000 share options will be granted to Dr Schmidt-Schultes pursuant to the 2018 Share Option Scheme. The remuneration of Dr Schmidt-Schultes has been reviewed by the Remuneration Committee and was determined with reference to his qualification, experience, duties and responsibilities within the Group as well as the prevailing market conditions.

Ms Sandrine Suzanne Eleonore Agar Zerbib, aged 57, has been appointed as an Independent Non-executive Director of the Company effective 3 October 2019. She is a member of the Audit Committee and the Remuneration Committee of the Board. She is the founder and chairman of Full Jet Management Consulting (Shanghai) Co., Ltd., a Shanghai based and China focused brand management and digital agency specializing in digital brand strategy, e-commerce operations and 360 degree marketing. She is a member of the advisory board of Pictet Premium Brands Fund and the China board of Infront Sports & Media AG. She is also a director of Allure Systems, a start-up providing fashion companies with a solution for virtualized apparel enabling virtual try-on.

Ms Zerbib was the former non-executive chairman of Lacoste China and former executive director and chief executive officer of China Dongxiang (Group) Co., Ltd. (a company listed on the Stock Exchange). She was the managing director of adidas China from 1994 to 2003 and the president of adidas Greater China Area from 2003 to 2007. She was also a former director of Mecox Lane (a company listed on the Nasdaq Stock Market). Save as disclosed above, Ms Zerbib has not held any directorships in listed public companies in the last three years.

As at the Latest Practicable Date, Ms Zerbib has no interest in Shares within the meaning of Part XV of the SFO.

Ms Zerbib does not have a service contract with the Company. She has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Ms Zerbib is entitled to a director's fee of HK\$665,000 per annum, which comprises HK\$480,000 for her directorship, HK\$100,000 for acting as a member of the Audit Committee and HK\$85,000 for acting as a member of the Remuneration Committee. Ms Zerbib's director's fee has been determined by reference to the level of remuneration for non-executive directors of listed companies with a global operation and the demand of the Company for Ms Zerbib's attention as one of its Independent Non-executive Directors.

None of Dr Or, Mr Lee, Mr Platt, Dr Schmidt-Schultes and Ms Zerbib have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company.

Save as disclosed above, as at the Latest Practicable Date, there are no other matters in relation to the re-election/election of Dr Raymond Or Ching Fai, Mr Carmelo Lee Ka Sze, Mr Norbert Adolf Platt, Dr Johannes Georg Schmidt-Schultes and Ms Sandrine Suzanne Eleonore Agar Zerbib that need to be brought to the attention of Shareholders and there is no other information that is required to be disclosed pursuant to rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.