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ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00330

INSIDE INFORMATION FORMATION OF JOINT VENTURE

This announcement is made by Esprit Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FORMATION OF JOINT VENTURE

The board of directors (the "**Board**") of the Company is pleased to announce that effective as of 2 December 2019, Million Success Resources Limited ("**Million Success**"), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "**JV Agreement**") with Mulsanne Group Holding Limited (慕尚集团控股有限公司) ("**MGH**", together with Million Success, the "**JV Parties**").

Pursuant to the terms of the JV Agreement, MGH and Million Success have agreed to, subject to any necessary approvals from the relevant anti-trust authorities, establish a joint venture company (the "**JV Company**") in the People's Republic of China (the "**PRC**", for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan) for the purpose of engaging in operating apparel, apparel accessory and such other business as the JV Parties may agree for the Esprit brand. The registered capital of the JV Company shall be RMB100 million. MGH will contribute RMB60 million to the registered capital of the JV Company, and will hold 60% of the equity interest in the JV Company. Million Success will contribute RMB40 million to the registered capital of the JV Company, and will hold 40% of the equity interest in the JV Company. The board of directors of the JV Company (the "**JV Board**") shall be composed of three directors, of whom one shall be nominated by Million Success and two shall be nominated by MGH. The JV Board shall establish a management organisation chaired by the managing director of the JV Company (the "**Managing Director**") and comprised of other senior managers. The Managing Director and other senior managers in the management organisation shall be nominated by MGH. They shall be responsible for, among other things, carrying out the JV Board's decisions and shall be in charge of the day-to-day operations and management of the JV Company.

The business scope of the JV Company will include, without limitation, retail, wholesale, import and export, and commission agency (except for auction) of general household merchandise, clothes and accessories, shoes, hats, leather products, sports products, cosmetics, and provision of associated services. To facilitate the business development of the JV Company, Million Success shall, subject to the terms of the JV Agreement, cause Esprit International to enter into a trademark licence and transfer agreement ("**Trademark Agreement**") to transfer certain trademarks (the "**Trademarks**") to the JV Company. Upon the signing of the Trademark Agreement and until the completion of the transfer of Trademarks, the JV Company shall have a royalty-free licence to use the Trademarks pursuant to the terms of the Trademark Agreement. Upon completion of the transfer of the Trademarks to the JV Company and until 30 June 2020, the JV Company shall grant a licence for the use of the Trademarks to Million Success and its PRC affiliates for the purpose of engaging in the

existing business. After 30 June 2020, Million Success or its affiliates or Esprit International may continue to source products bearing any of the Trademarks from the PRC for sale outside the PRC and the JV Company shall grant licence to Million Success or its affiliates or Esprit International for the use of the Trademarks so that they can continue its existing licence business with third-party licensees for non-core products in the PRC until the expiry of the pre-existing licensing arrangements with those third parties. The use of Trademarks on products are meant for (i) the Group's exports, and (ii) the trading of products bearing the Trademarks, and such use will not be deemed as an infringement of the trademark rights of the JV Company.

ABOUT MULSANNE GROUP HOLDING LIMITED

Mulsanne Group Holding Ltd is an investment holding company. The company and its subsidiaries are principally engaged in the operation of retail and online platforms for menswear, as well as product development. The company's brands include GXG, gxg jeans, gxg.kids, Yatlas and 2XU. The group operates more than 2,000 stores across mainland China. Mulsanne has been listed on the Hong Kong Stock Exchange since May 2019.

REASONS FOR THE FORMATION OF THE JOINT VENTURE

The PRC is and always has been an important pillar of the Group's strategic plan. The JV Parties have signed the JV Agreement to manage the Group's business in the PRC with joint forces. As part of the transition to the joint venture model for the Group's business in the PRC expected to be completed by 30 June 2020, the Group will close down some shops or transfer the assets of the remaining shops in the PRC to the JV Company. The Directors believe that the deal creates a strong base for the Esprit brand to improve relevance and accelerate growth.

The terms of the JV Agreement were determined after arm's length negotiations between the JV Parties. The JV Agreement has been entered into on normal commercial terms. The Board considers that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As none of the applicable percentage ratios (as defined under the Listing Rules) for the formation of the JV Company and for the transfer of the Trademarks exceed 5%, the entering into of the JV Agreement and the Trademark Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the JV Parties are still in the process of setting up the JV Company, hence the JV Company may or may not be set up, and the information set out in this announcement are based on, among others, a preliminary assessment of the potential financial impact of the joint venture on the Group. Shareholders and potential investors of the Company are thus advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Patrick Lau Yiu Pong
Company Secretary

Hong Kong, 1 December 2019

As at the date of this announcement, the Board 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.