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ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

**PROPOSED RIGHTS ISSUE OF NOT LESS THAN 943,605,781
RIGHTS SHARES AND NOT MORE THAN 956,953,281 RIGHTS
SHARES AT THE SUBSCRIPTION PRICE OF HK\$0.75
PER RIGHTS SHARE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES
HELD ON THE RECORD DATE
AND
CLOSURE OF REGISTER OF MEMBERS**

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of not less than HK\$707,704,335.75 (before expenses) (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than HK\$717,714,960.75 (before expenses) (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date) on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date by issuing not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date) at the Subscription Price of HK\$0.75 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The corresponding estimated net proceeds of the Rights Issue, after deducting the related expenses, will be not less than approximately HK\$689 million and not more than approximately HK\$700 million. Details of the use of proceeds are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement.

As at the date of this announcement, the Company has not received any undertaking from any Substantial Shareholder of the Company of any intention as to whether such shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the Securities and Futures Commission, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it.

UNDERWRITING AGREEMENT

On 27 January 2021 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which, the Underwriter has conditionally agreed to fully underwrite the Rights Shares, being not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “UNDERWRITING AGREEMENT” in this announcement.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Underwriter and its associates do not hold any Shares as at the date of this announcement. The Underwriter and its ultimate beneficial owners are independent third parties and not connected with the Company or its connected persons as defined under the Listing Rules. The Underwriter is a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO and their ordinary course of business includes underwriting of securities. The Underwriter is also licensed to carry on Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Rule 7.19A of the Listing Rules, as the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, and the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting.

The Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, to the extent reasonably practicable and legally permitted and for information only, the Non-Qualifying Shareholders in due course.

GENERAL

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before 15 March 2021. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “UNDERWRITING AGREEMENT” below). Accordingly, the Rights Issue may or may not proceed.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of not less than HK\$707,704,335.75 (before expenses) (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than HK\$717,714,960.75 (before expenses) (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date) on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date by issuing not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date) at the Subscription Price of HK\$0.75 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The corresponding estimated net proceeds of the Rights Issue, after deducting the related expenses, will be not less than approximately HK\$689 million and not more than approximately HK\$700 million. Details of the use of proceeds are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement.

Details of the Rights Issue are set out below.

Issue statistics

Basis of the Rights Issue:	one (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price:	HK\$0.75 per Rights Share
Number of Shares in issue as at the date of this announcement:	1,887,211,562
Number of Rights Shares	not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date)
Aggregate nominal value of the Rights Shares:	not less than HK\$94,360,578.1 and not more than HK\$95,695,328.1

Number of Shares in issue upon completion of the Rights Issue:	not less than 2,830,817,343 Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 2,870,859,843 Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date)
Amount to be raised (before expenses):	not less than HK\$707,704,335.75 and not more than HK\$717,714,960.75
Right of excess applications:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has 26,695,000 outstanding Share Options, which entitle the Share Option holders to convert their respective Share Options into a total of 26,695,000 Option Shares. Save for the aforesaid Share Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, 943,605,781 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent 50% of the existing issued share capital of the Company; and approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming all the outstanding Share Options are exercised in full and Option Shares have been issued pursuant thereto on or before the Record Date, and no further issue or repurchase of Shares on or before the Record Date save for the aforesaid Option Shares, 956,953,281 Rights Shares proposed to be allotted and issued represent (i) approximately 50.71% of the existing issued share capital of the Company; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.75 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renounee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of 25.00% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 26.04% to the average closing price of HK\$1.014 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to and excluding the Last Trading Day;
- (iii) a discount of 18.21% to the theoretical ex-rights price of HK\$0.917 per Share based on the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 48.98% to the consolidated net asset value per Share of approximately HK\$1.47 (based on the latest published consolidated net asset value of the Company as at 30 June 2020 of approximately HK\$2,770 million and the number of issued Shares, which is 1,887,211,562); and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 8.68%, represented by the theoretical diluted price of approximately HK\$0.926 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$1.014 per Share, taking into account the closing price on the Last Trading Day of HK\$1.00 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$1.014 per Share.

The Subscription Price was determined with reference to, among others, (i) the recent market price of the Shares under the prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement. The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (a) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil paid rights in the market; and (b) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the

purpose of maintaining their respective existing shareholding interests in the Company. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.73.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Non-Qualifying Shareholders to the extent reasonably practicable and legally permitted.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 8 March 2021.

Closure of register of members

The register of members of the Company will be closed from 9 March 2021 to 12 March 2021 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders shall apply for all or any part of their respective provisional allotment by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of PRC Southbound Trading Investors

According to the “Stock Connect Southbound Shareholding Search” available on the Stock Exchange’s website, as at 26 January 2021, China Clear held 8,270,400 Shares, representing approximately 0.43% of the total number of the issued Shares.

PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors.

The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions with such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates in the section headed “Expected Timetable” of this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Board was advised that, as the Prospectus Documents will not be and are not intended to be filed with or approved by the CSRC other than in accordance with the relevant requirements of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the Rights Shares in nil-paid or fully-paid forms issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or the person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Rights of Overseas Shareholders

Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account of such offer being unlawful or impracticable due to either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. Based on the latest Shareholders information available from the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, the Company had 11 Overseas Shareholders as at 27 January 2021.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only to the extent reasonably practicable and legally permitted, but will not send any PAL and EAF to them. Arrangement will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAF(s).

It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any such person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Such persons are advised to consult their own professional advisers if in doubt.

The Board reserves the right, but shall not be obliged to, treat as invalid any acceptance of or application for the nil-paid Rights Shares that appears to the Board to violate the applicable laws or regulations of any territory or jurisdiction. Furthermore, the Board reserves the right, but shall not be obliged to, treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a PAL and/or any application for excess Rights Shares under an EAF or to refuse to register any purported transfer of the rights represented thereby if the Board or its agents believe that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or the EAF in respect of such matters.

Status of Rights Shares

The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the Shares then in issue including the right to receive future dividends and distributions which may be declared, made or paid after the completion of the Rights Issue.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on 8 April 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on 8 April 2021 by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders, and (ii) any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 29 March 2021.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, and as far as practicable according to the principle that any excess Rights Shares will be allocated to the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no preference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder (other than the PRC Southbound Trading Investors) who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 8 March 2021.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange odd lot matching services for the sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 100 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) transaction levy and (iv) any other applicable fees and charges in Hong Kong.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

As at the date of this announcement, the Company has not received any undertaking from any Substantial Shareholder of the Company of any intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the Securities and Futures Commission, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it.

UNDERWRITING AGREEMENT

On 27 January 2021 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which, the Underwriter has conditionally agreed to fully underwrite the Rights Shares, being not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date).

Date:	27 January 2021
Issuer:	The Company
Underwriter:	Imagi Brokerage Limited
Number of Rights Shares to be underwritten:	not less than 943,605,781 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 956,953,281 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date)
Underwriting commission:	1 ⁵ / ₈ % (one and five-eighths percent) of the sum resulting from multiplying the Subscription Price by the number of Underwritten Shares.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Underwriter and its associates do not hold any Shares as at the date of this announcement. The Underwriter and its ultimate beneficial owners are independent third parties and not connected with the Company or its connected persons as defined under the Listing Rules. The Underwriter is a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO and their ordinary course of business includes underwriting of securities. The Underwriter is also licensed to carry on Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO.

The terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

Having considered (i) the underwriting commission offered by the Underwriter is comparable to or more favourable than that offered by other financial institutions which the Company had reached out to prior to engaging the Underwriter; and (ii) the experience and financial resources of the Underwriter for underwriting of the Right Shares, the Directors (including the independent non-executive Directors) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

If at any time between the date hereof and the Latest Time for Termination, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:-

- (a) the Underwriter shall become aware of the fact that any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets in Hong Kong, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, Bermuda, the PRC or Germany) occurs which in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, Bermuda, the PRC or Germany;
 - (ii) any change of an exceptional nature in local, national or international equity securities or currency markets in Hong Kong;
 - (iii) any change in local, national or international financial, political, industrial or economic conditions affecting Hong Kong;
 - (iv) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (v) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, Bermuda or Germany; or

(vi) any act of God, war, riot, public disorder, civil commotion, terrorism, strike or lock-out involving or affecting Hong Kong;

which event or events is or are in the reasonable opinion of the Underwriter:-

(1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or

(2) so material as to make it impracticable, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company, terminate the Underwriting Agreement forthwith.

Upon the giving of notice of termination as aforesaid, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save for any antecedent breach.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the obligations of the Underwriter as specified under the Underwriting Agreement are conditional upon the fulfilment of each of the following conditions:

- (i) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to conditions and the subsequent satisfaction of such conditions (if any);
- (ii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by the Directors (or by their agents duly authorised in writing) on or before Posting Date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (iii) the despatch of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date; and
- (iv) the Underwriter having not terminated the Underwriting Agreement pursuant to the terms thereof.

If any of the conditions set out in the above paragraphs has not been fulfilled in all respects by or at the time and/or date specified therefor (or if no time or date is specified, 4:00 p.m. 30 March 2021) (or such later date(s) as the Underwriter may agree with the Company) or if the Underwriting Agreement shall be terminated pursuant to the termination clause of the Underwriting Agreement, the obligations of the Underwriter and (save as hereinafter referred to) the Company under the Underwriting Agreement shall ipso facto cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under the Underwriting Agreement, and the Rights Issue will not proceed.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group principally engages in retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own world-known Esprit brand name.

Deteriorating earnings and financial positions

The loss attributable to the Shareholders was HK\$3,992 million for the year ended 30 June 2020, representing an increase of 86.19% as compared to that of HK\$2,144 million for the year ended 30 June 2019. The overall sales have undergone continuous decrease and the revenue of the Company was HK\$9,216 million for the year ended 30 June 2020, representing a decrease of 21.10% as compared to that of HK\$11,681 million for the year ended 30 June 2019. The closure of retail stores might further adversely affect the revenue of the Group in the near future.

The cash, bank balances and deposits of the Group has dropped by 30.29% from the balance of HK\$3,282 million as at 30 June 2019 to HK\$2,288 million as at 30 June 2020 and the net assets value of the Group has dropped by 58.74% from the amount of HK\$6,713 million as at 30 June 2019 to HK\$2,770 million as at 30 June 2020.

The existing loan facilities of the Group are either on hold or expired. In view of above, the Directors consider that a strong cash position is required for the quick replenishment of liquidity. With the additional cash from the Rights Issue, the Group will be in a better position to finance the working capital and thus enhancing the overall trading capacity of the Group and to improve its revenue and profits.

Benefits of the Rights Issue

The Board considers that the Rights Issue is a beneficial and reasonable opportunity for the Company to strengthen its financial position after having considered that:

- (i) the Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and to continue to participate in the future development of the Company should they wish to do so;
- (ii) the discount of the Subscription Price to the prevailing market price enhances the attractiveness of the Rights Issue as it is the Company's objective to encourage the participation of the Qualifying Shareholders in the Rights Issue;
- (iii) after considering other alternative fund-raising methods, it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise;
- (iv) the Rights Issue allows the Shareholders to have more flexibility in dealing in the nil-paid rights attaching thereto; and
- (v) the Rights Issue enables the Company to raise the necessary funds with more certainty as it (except for the part irrevocably undertaken by its substantial shareholder) will be fully underwritten by the Underwriter.

Use of proceeds

The estimated gross proceeds of the Rights Issue will be not less than HK\$707,704,335.75 (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than HK\$717,714,960.75 (assuming no further issue or repurchase of Shares other than the issue of Shares upon the exercising of outstanding Share Options in full on or before the Record Date). The corresponding estimated net proceeds of the Rights Issue, after deducting the related expenses, will be not less than approximately HK\$689 million and not more than approximately HK\$700 million. The proceeds are intended to be used as general working capital of the Group in the following manner:

- (i) approximately HK\$300 million towards information technology expenses and transformation including (a) systems upgrade and data migration, (b) development of new internal information technology resources, (c) development of a new and overarching e-commerce sales channel for the Group's digital strategy, and (d) other information technology expenses; and

- (ii) the remaining proceeds will be applied towards administrative and other expenses including but not limited to rental expenses, marketing and logistics expenses, utilities and maintenance expenses, salaries and remuneration, legal and professional expenses.

Other fund-raising alternatives considered by the Company

In order to reduce the level of indebtedness and improve the financial position, save for the Rights Issue, the Group has considered other fund-raising alternatives including but not limited to debt financing and equity financing such as the placing of new Shares and open offer.

With respect to debt financing, the management of the Company has approached certain banks but was unable to obtain loan facilities on favourable terms. The existing loan facilities of the Group are either on hold or expired. The management of the Company has explored the possibility of obtaining unsecured loans or issuing bond instruments but has not secured any assistance from the banks in this regard. In addition, the Company is reluctant to obtain additional short-term financing from smaller financial institutions which generally charge higher interest rates, and the Board considers it is not practicable or commercially viable to obtain borrowings of the same size as the amount raised from the Rights Issue in a relatively short period of time. Hence, equity financing is a better and more viable option than debt financing for the Company.

With respect to equity financing, the Board considers that placing of new Shares would be a suboptimal fund-raising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. The Board has also considered conducting pro rata fund-raising by way of open offer, which is of similar nature as the Rights Issue. Under the Rights Issue, nil-paid Rights Shares will be allotted to the Qualifying Shareholders and they can liquidate their entitlement rights by disposing such nil-paid Rights Shares during the prescribed period of time for economic benefits (if they do not wish to subscribe for the Rights Shares). However, under an open offer, there are no nil-paid rights shares to be allotted and the Shareholders cannot realise and liquidate their entitlement rights. Therefore, the Rights Issue would be more favourable as it offers the Qualifying Shareholders an option to sell their entitlement rights when comparing with an open offer.

Shareholders are advised that for Qualifying Shareholders who do not take up Rights Shares to which they are entitled should note that their respective shareholdings in the Company will be diluted.

Taking into account the above, the Board is of the view that the Rights Issue would be the preferred means for the Group to raise funds over other alternatives.

In light of the foregoing, the Board is of the view that the implementations of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company contemplates to conduct further fund raising activities subsequent to the Rights Issue when opportunities arise to further replenish the Group’s working capital, but the Company has not entered into any negotiation and agreement with any party in relation to the further fund raising activities as at the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

- Publication of Rights Issue announcement Wednesday, 27 January 2021

- Last day of dealings in Shares on a
cum-rights basis Thursday, 4 March 2021

- First day of dealing in Shares on an
ex-rights basis Friday, 5 March 2021

- Latest time for lodging transfer of Shares
and related documents in order to qualify
for the Rights Issue 4:30 p.m. Monday, 8 March 2021

- Register of members closes Tuesday, 9 March — Friday, 12 March 2021
(both days inclusive)

- Record date for Rights Issue..... Friday, 12 March 2021

- Despatch of the Prospectus Documents Monday, 15 March 2021

- First day of dealings in nil-paid Rights
Shares Wednesday, 17 March 2021

- Latest time for splitting of nil-paid Rights
Shares 4:30 p.m. Friday, 19 March 2021

- Last day of dealings in nil-paid Rights
Shares Wednesday, 24 March 2021

Latest time for payment for and acceptance
of Rights Shares and the application and
payment for the excess Rights Shares 4:00 p.m. Monday, 29 March 2021

Latest time for termination of underwriting
agreement 4:00 p.m. Tuesday, 30 March 2021

Rights Issue expected to become
unconditional after 5:00 p.m. Tuesday, 30 March 2021

Announcement of allotment results Wednesday, 7 April 2021

Despatch of certificates for fully-paid Rights
Shares and refund cheques for wholly and
partially unsuccessful excess applications Thursday, 8 April 2021

First day of dealings in fully-paid Rights
Shares Friday, 9 April 2021

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning issued by the Hong Kong Observatory, and/or “extreme” conditions caused by super typhoons as announced by the Hong Kong Government:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

CHANGES IN SHAREHOLDING STRUCTURE

The following tables set out some possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

Scenario 1

As at the date of this announcement, the Company has 1,887,211,562 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Rights Issue, assuming no issue of new Shares or repurchase of Shares up to completion of the Rights Issue save for the Rights Shares:

Name of Shareholders	As at the date of this announcement		Immediately after completion of Rights Issue			
	Number of Shares	Approx. %	Assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares in full	
			Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholders						
Ms. Lo (Note 2)	490,086,200	25.97	735,129,300	25.97	490,086,200	17.31
Total Market Limited (Note 3)	211,822,656	11.22	317,733,984	11.22	211,822,656	7.48
Other Shareholders	1,185,302,706	62.81	1,777,954,059	62.81	1,185,302,706	41.88
The Underwriter (Note 4)	—	0.00	—	0.00	943,605,781	33.33
Total	<u>1,887,211,562</u>	<u>100.00</u>	<u>2,830,817,343</u>	<u>100.00</u>	<u>2,830,817,343</u>	<u>100.00</u>

Scenario 2

Assuming all outstanding Share Options are exercised and all Option Shares are allotted and issued on or before the Record Date, and no further issue of new Shares or repurchase of Shares up to completion of the Rights Issue save for the Rights Shares and Option Shares:

Name of Shareholders	Immediately after completion of Rights Issue					
	As at the date of this announcement		Assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares in full	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholders						
Ms. Lo (Note 2)	490,086,200	25.61	735,129,300	25.61	490,086,200	17.07
Total Market Limited (Note 3)	211,822,656	11.07	317,733,984	11.07	211,822,656	7.38
Other Shareholders						
Outstanding Share Options being exercised in full	26,695,000	1.39	40,042,500	1.39	26,695,000	0.93
Other Public Shareholders	1,185,302,706	61.93	1,777,954,059	61.93	1,185,302,706	41.29
The Underwriter (Note 4)	<u>—</u>	<u>0.00</u>	<u>—</u>	<u>0.00</u>	<u>956,953,281</u>	<u>33.33</u>
Total	<u>1,913,906,562</u>	<u>100.00</u>	<u>2,870,859,843</u>	<u>100.00</u>	<u>2,870,859,843</u>	<u>100.00</u>

Notes:

1. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
2. As at the date of this announcement, each of Ms. Lo and North Point Talent Limited is a Substantial Shareholder of the Company. 490,086,200 Shares represent the aggregate of (i) 243,188,400 Shares held by North Point Talent Limited and (ii) 246,897,800 Shares held by Ms. Lo. Ms. Lo is the sole shareholder of North Point Talent Limited as at the date of this announcement. Therefore, she is deemed to be interested in the 243,188,400 Shares held by North Point Talent Limited under SFO.
3. As at the date of this announcement, Total Market Limited is a Substantial Shareholder of the Company. Total Market Limited is owned by Ms. Claudine Lauren Ying, Ms. Eileen Ying and Ms. Melani Ying as to approximately 33.33%, 33.33% and 33.33% respectively.

4. Pursuant to the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriters is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:
 - (i) the Underwriter shall ensure (a) that the subscribers for any Underwritten Shares (collectively the “Relevant Subscribers”) are independent of and not connected or acting in concert with the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (b) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding more than 29.9% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue;
 - (ii) the Underwriter shall procure each of the subscribers and their respective associates shall not, together with any party acting in concert with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Rights Issue;
 - (iii) the Underwriter undertakes that in the event that the Underwriter or any of the sub-underwriters is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (a) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (b) the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.
5. As at the date of this announcement, the Company has not received any undertaking from any Substantial Shareholder of the Company of any intention as to whether such Substantial Shareholder will take up his/her/its entitlements under the Rights Issue or otherwise.

FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities in the past 12 months immediately prior to the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Rule 7.19A of the Listing Rules, as the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, and the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting.

The Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, to the extent reasonably practicable and legally permitted and for information only, the Non-Qualifying Shareholders in due course.

GENERAL

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before 15 March 2021. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, the Company has 26,695,000 outstanding Share Options entitling the holders thereof to subscribe for a total of 26,695,000 Shares. As a result of the Rights Issue, it is expected that the exercise price, and/or the number of Shares, of the outstanding Share Options will be adjusted in accordance with the terms and conditions of Share Option Schemes. Other than the outstanding Share Options, the Company does not have any warrants, options, or other securities exchangeable or convertible into Shares as at the date of this announcement. The Company will engage the Company's auditors to review and determine the relevant adjustments and make further announcements on the appropriate adjustments and the date(s) they are expected to take effect in due course.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "UNDERWRITING AGREEMENT" above). Accordingly, the Rights Issue may or may not proceed.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Esprit Holdings Limited (Stock Code: 00330), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“CSRC”	China Securities Regulatory Commission

“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	27 January 2021, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 29 March, 2021 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of the offer of and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on 30 March 2021, being the next Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Lo”	Ms. Lo Ki Yan Karen
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Board, based on legal opinions provided by the Company’s legal advisers, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account of such offer being unlawful or impracticable due to either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Option Shares”	up to 26,695,000 Shares which may be allotted and issued by the Company upon the exercising of 26,695,000 outstanding Share Options
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	15 March 2021 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Overseas Shareholders for information only to the extent reasonably practicable and legally permitted (as the case may be)
“PRC”	People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region and Taiwan
“PRC Southbound Trading Investors”	the PRC investors who hold Shares through China Clear as nominee under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect
“Prospectus”	the prospectus to be despatched to the Shareholders in connection with the Rights Issue
“Prospectus Documents”	Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	12 March 2021 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the Company

“Rights Issue”	proposed offer for subscription of the Rights Shares by way of rights issue at the Subscription Price to be made by the Company to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date
“Rights Share(s)”	not less than 943,605,781 Shares and not more than 956,953,281 Shares to be allotted and issued pursuant to the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai-Hong Kong Stock Connect” or “Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing platform under which PRC domestic investors may trade in the Hong Kong Stock Exchange via China Clear
“Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company
“Share Option(s)”	the outstanding options to subscribe for new Shares granted under the Share Option Schemes
“Share Option Schemes”	the share option schemes adopted by the Company on 10 December 2009 and 5 December 2018 respectively
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.75 per Rights Share
“Substantial Shareholder(s)”	has the meaning as ascribed to this term under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“Underwriter”	Imagi Brokerage Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO

“Underwriting Agreement”	underwriting agreement dated 27 January 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	the total number of Right Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, being not less than 943,605,781 Rights Shares and not more than 956,953,281 Rights Shares
“%”	per cent

By order of the Board
ESPRIT HOLDINGS LIMITED
CHIU Christin Su Yi
Acting Executive Chairman

Hong Kong, 27 January 2021

Dates and times stated in this announcement refer to Hong Kong time unless otherwise specified.

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Ms. CHIU Christin Su Yi
Mr. DALEY Mark David
Dr. WAN Yung Ting

Independent Non-executive Directors:

Mr. CHUNG Kwok Pan
Mr. GILES William Nicholas
Ms. LIU Hang-so
Mr. LO Kin Ching Joseph