

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Esprit Holdings Limited.



ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

TERMINATION OF EXISTING SHARE AWARD SCHEME; PROPOSED ADOPTION OF NEW SHARE AWARD SCHEME; REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE 2018 SHARE OPTION SCHEME; AND PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

TERMINATION OF EXISTING SHARE AWARD SCHEME AND PROPOSED ADOPTION OF NEW SHARE AWARD SCHEME

On 23 April 2021, the Board has resolved to terminate the Existing Share Award Scheme.

To replace the terminated Existing Share Award Scheme and to motivate the Eligible Participants (i) to contribute to the Group; and (ii) to align their interests with the development of the Group's business, the Board proposed on 23 April 2021 to adopt the New Share Award Scheme.

The New Share Award Scheme shall be conditional upon:

- (i) the New Share Award Scheme and its implementation including a specific mandate for the issue of Awarded Shares under the New Share Award Scheme being approved by the Shareholders entitled to vote at the SGM; and
- (ii) the Listing Committee of the Stock Exchange having granted an approval for the listing of and permission to deal in the Awarded Shares.

The New Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in, the Awarded Shares to be issued under the New Share Award Scheme.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE 2018 SHARE OPTION SCHEME

Immediately after the completion of the Rights Issue, the total number of issued Shares of the Company has increased to 2,830,817,343 Shares. In order to provide the Company with greater flexibility in granting share options to the eligible persons under the 2018 Share Option Scheme, the Board proposes to seek the Shareholders' approval to refresh the Scheme Mandate Limit under the 2018 Share Option Scheme to 10% of the total issued Shares as at the date of passing of the resolution.

The refreshment of the Scheme Mandate Limit of the 2018 Share Option Scheme shall be subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorized share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares (the “**Increase in Authorized Share Capital**”).

The proposed Increase in Authorized Share Capital shall be subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

SGM

The SGM will be convened for the purposes of considering, and if thought fit, approving, among other things, (i) the New Share Award Scheme and its implementation including a specific mandate for the issue of Awarded Shares under the New Share Award Scheme; (ii) the refreshment of the Scheme Mandate Limit under the 2018 Share Option Scheme; and (iii) the Increase in Authorized Share Capital.

A circular containing, among other things, further details of (i) the New Share Award Scheme and the specific mandate to be sought in respect of the issuance of Awarded Shares under the New Share Award Scheme; (ii) the refreshment of the Scheme Mandate Limit under the 2018 Share Option Scheme; and (iii) the Increase in Authorized Share Capital, together with a notice convening the SGM, will be despatched to the Shareholders in due course.

The proposed adoption of New Share Award Scheme, the proposed refreshment of the Scheme Mandate Limit of the 2018 Share Option Scheme and the proposed Increase in Authorized Share Capital shall be subject to fulfilment of the conditions referred to in this announcement and may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

TERMINATION OF THE EXISTING SHARE AWARD SCHEME

The Existing Share Award Scheme was adopted in 2016 and will expire in March 2026. On 23 April 2021, the Board has resolved to terminate the Existing Share Award Scheme.

As at the date of this announcement, there are no outstanding Shares awarded that have not been vested pursuant to the Existing Share Award Scheme.

PROPOSED ADOPTION OF THE NEW SHARE AWARD SCHEME

To replace the terminated Existing Share Award Scheme and to motivate the Eligible Participants (i) to contribute to the Group; and (ii) to align their interests with the development of the Group's business, the Board proposed on 23 April 2021 to adopt the New Share Award Scheme.

The Company has recently navigated turbulent waters including (i) The Protective Shield Proceedings (the “PSP”), which six German subsidiaries (the “**Subject Subsidiaries**”) had already entered into on 27 March 2020 and (ii) the second wave of retail restrictions imposed in several European countries starting December 2020. In view of the above, the Group accelerated its strategy of cost cutting, closure of unprofitable stores, termination of low return on investment product lines, and engaged in a series of corporate restructuring activities.

The management of the Company believes that it would still provide sufficient incentives and resources for future developments in profitable operations such as building its e-commerce platform. This development resonates with the Group's commitment to make consumers “feel good to look good”. It is envisaged that digital consumption trend will continue to increase in the post-Pandemic world. Additionally, social disruption caused by the Pandemic gave the retail industry an urgent incentive to reshape its supply chain management and achieve favorable cost re-alignments. The management of the Company has been actively pursuing such opportunities.

The management of the Company expects there is a need to attract and recruit high caliber professionals with the relevant experience or retain existing talents to plan, develop and operate a world-class digital platform so as to grasp the opportunities to boost its e-commerce business. Although the Existing Share Award Scheme could also provide incentive to the Eligible Participants, it requires the Company to utilize its internal funds to repurchase its Shares from the market through its designated trustee, which would further deteriorate the liquidity position of the Group and thus greatly limit resources needed for business revival, given that the Group's cash had dropped by approximately HK\$1 billion during the period from 30 June 2019 to 31 December 2020. Therefore, the Board is pleased to announce that the proposed New Share Award Scheme has been approved by the Board on 23 April 2021. The New Share Award Scheme, which complements the Company's existing Share Option Schemes, is adopted to motivate the Eligible Participants (i) to contribute to the Group; and (ii) to align their interests with the development of the Group's business, through ownership of the Shares.

A summary of some of the principal terms of the New Share Award Scheme is set out below.

Purpose of the New Share Award Scheme

The specific objectives of the New Share Award Scheme are:

- (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group's business; and
- (ii) to attract suitable personnel with relevant experience in the Group's business including but not limited to development of the e-commerce business.

The New Share Award Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules.

Conditions of the New Share Award Scheme

The New Share Award Scheme shall be conditional upon the satisfaction of the following conditions:

- (i) the New Share Award Scheme and its implementation including a specific mandate for the issue of Awarded Shares under the New Share Award Scheme being approved by Shareholders entitled to vote at the SGM; and
- (ii) the Listing Committee of the Stock Exchange having granted an approval for the listing of and permission to deal in the Awarded Shares.

The Board may, at its discretion, determine that the condition in sub-paragraph (ii) above be satisfied in respect to each grant of Awarded Share(s) without affecting the operation of the New Share Award Scheme in general. Awarded Share(s) may only be issued after obtaining from the Stock Exchange the listing of, and permission to deal in, such Awarded Share(s).

Subject to the satisfaction of the aforesaid conditions, and any early termination as may be determined by the Board pursuant to the New Share Award Scheme, the New Share Award Scheme shall be valid and effective for a term commencing on the Adoption Date and ending on the tenth (10) anniversary of the Adoption Date.

Administration

The New Share Award Scheme shall be subject to the administration of the Board in accordance with the rules of the New Share Award Scheme. The decisions of the Board as to all matters relating to the New Share Award Scheme or its interpretation shall be final and binding.

Operation of the New Share Award Scheme

The Board may from time to time, at its absolute discretion select any Eligible Participant (excluding any Excluded Participant) for participation in the New Share Award Scheme as a Selected Grantee and grant such number of Awarded Shares to any Selected Grantee and in such number and on and subject to such terms and conditions as the Board may in its absolute discretion determine.

The Board has an overriding power at all times to refuse to issue any Awarded Shares in circumstances including if the Board considers that issuing such Awarded Shares may breach or contravene any law, rule or regulation.

Scheme Limit

The Board shall not make any further grant of Awarded Shares which will result in the total number of Shares awarded by the Board under the New Share Award Scheme exceeding ten (10)% of the issued share capital of the Company as at the Adoption Date.

Subject to the aforesaid New Share Award Scheme limit, the maximum number of Awarded Shares which may be awarded by the Board in any financial year of the Company shall not be more than three (3)% of the issued share capital of the Company (the “**Annual Limit**”) provided that if the Annual Limit is not fully utilised in any financial year, further Awarded Shares may be awarded by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by the Shareholders who are permitted under the Listing Rules to vote at a general meeting of the Company so that the Annual Limit so refreshed shall not exceed three (3)% of the issued share capital of the Company as at the date of the general meeting approving such refreshment.

The maximum aggregate number of the Shares which may be awarded to a Selected Grantee under the New Share Award Scheme shall not exceed one (1)% of the issued share capital of the Company from time to time.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders’ approval requirements, unless otherwise exempted under the Listing Rules.

A specific mandate will be sought from Shareholders at the SGM in respect of the issuance of the Awarded Shares under the New Share Award Scheme.

Vesting of Awarded Shares

The Board is entitled to impose any condition as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on any Selected Grantee, and shall inform such Selected Grantee the relevant conditions of the Award.

Subject to the terms and condition of the New Share Award Scheme and the fulfillment of all conditions to the vesting of the Awarded Shares on such Selected Grantee as specified in the New Share Award Scheme and the letter of award, the respective Awarded Shares shall vest in such Selected Grantee in accordance with the vesting schedule (if any) as set out in the letter of award.

A Selected Grantee shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares and non-cash income derived from such Awarded Shares prior to the Vesting Date.

The Company may only issue Awarded Shares upon vesting and on the Vesting Date as and when the vesting condition(s) attaching to such Awarded Shares are satisfied or waived by the Board.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, the Board shall determine at its sole discretion whether such Awarded Shares shall vest in the Selected Grantee and the time at which such Awarded Shares shall vest. If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse. The Board also has absolute discretion in determining pre-mature vesting in the event of winding-up of the Company.

In the event the Company undertakes a subdivision or consolidation of Shares, the Selected Grantee's entitlements to such Awarded Shares shall be so subdivided or consolidated. Unvested Awarded Shares (which are not issued) do not carry any right to subscribe for Shares in the event the Company undertakes an open offer or rights issue, or to any bonus warrant, bonus issue of Shares, scrip Shares, or other distribution by the Company.

Award Not Assignable

Prior to the Vesting Date, an Award shall not be assignable and no Selected Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

Awarded Shares

The Awarded Shares, once issued upon vesting, will rank equal to all other Shares in issue at that time. The relevant Selected Grantee(s) will therefore have the right to receive dividends on the Awarded Shares, dispose of the Awarded Shares and/or exercise the rights underlying the Awarded Shares as per his/her own wishes once they are issued.

Lapse of Award

In the event that prior to or on the Vesting Date, a Selected Grantee is found to be an Excluded Participant or is deemed to cease to be a Selected Grantee pursuant to the terms of the New Share Award Scheme, the relevant Award made to such Selected Grantee shall, to the extent not yet vested, automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

An Award, whether vested or unvested, shall automatically be cancelled in certain other events as stipulated under the New Share Award Scheme, including when a Selected Grantee (i) ceases to be an employee of the Group for cause, (ii) is engaged in business that is competitive with that of the Group, (iii) causes material losses to the Group due to a failure to perform his/her management duties, and (iv) violate confidentiality obligations under any letter of the Award.

Alteration

The New Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Grantee hereunder except with consent of Selected Grantees.

Termination

The New Share Award Scheme shall terminate on the earlier of the tenth (10) anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of Selected Grantees.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE 2018 SHARE OPTION SCHEME

The 2009 Share Option Scheme and the 2018 Share Option Scheme were adopted to recognise and acknowledge the contributions of the Group's employees and other selected grantees made or may have made to the Group. The 2009 Share Option Scheme was terminated on 5 December 2018. The 2018 Share Option Scheme is in force and will provide the grantees with an opportunity to have a personal stake in the Company with the view to achieving the objectives of motivating the grantees to optimise their performance efficiency for the benefit of the Company, and to attract and retain or otherwise maintain on-going relationships with the grantees whose contributions are or will be beneficial to the long-term growth of the Group.

Due to the completion of the Rights Issue, the total issued Shares have increased to 2,830,817,343 Shares. In order to provide the Company with greater flexibility in granting share options to the eligible persons under the 2018 Share Option Scheme, the Board proposes to seek the Shareholders' approval to refresh the Scheme Mandate Limit to 10% of the total issued Shares as at the date of passing of the resolution.

The proposed refreshment of the Scheme Mandate Limit shall be conditional upon the satisfaction of the following conditions:

- (i) the passing of an ordinary resolution at the SGM to approve the refreshment of the Scheme Mandate Limit by the Shareholders; and
- (ii) the Listing Committee of the Stock Exchange having granted an approval for the listing of and permission to deal in the Option Shares.

Assuming that no further Shares will be issued or repurchased prior to the date of the SGM approving the proposed refreshment of the Scheme Mandate Limit by the Shareholders, the maximum number of Shares which may fall to be issued upon the exercise of all share options that have been granted or may be granted by the Company under the 2018 Share Option Scheme would be 283,081,734 Shares, representing 10% of the Shares in issue as at the date of the SGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorized share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares (ranking pari passu with the existing Shares in all respects upon issue).

The proposed Increase in Authorized Share Capital will provide the Company with a flexibility for future investments and fundraising and is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM. As of the date of this announcement, the Company has (i) 2,830,817,343 Shares in issue, and (ii) shares options granted under the Share Option Schemes of the Company and carrying rights to subscribe for an aggregate of 32,263,738 Shares remain outstanding. Immediately after the completion of the Increase of Authorized Share Capital and assuming no change in the issued share capital of the Company from the date of this announcement up to the date of the SGM, the Company will have 2,830,817,343 Shares in issue and 27,169,182,657 Shares remaining unissued.

GENERAL

Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in, (i) the Awarded Shares; and (ii) the Option Shares.

The SGM will be convened for the purpose of considering, and if thought fit, approving, among other things, (i) the New Share Award Scheme and its implementation including a specific mandate for the issue of Awarded Shares under the New Share Award Scheme; (ii) the refreshment of the Scheme Mandate Limit under the 2018 Share Option Scheme; and (iii) the Increase in Authorized Share Capital.

As at the date of this announcement, no Shareholder has a material interest in the New Share Award Scheme, the proposed refreshment of the Scheme Mandate Limit or the proposed Increase in Authorized Share Capital. Accordingly, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further details of (i) the New Share Award Scheme and the specific mandate to be sought in respect of the issuance of Awarded Shares under the New Share Award Scheme; (ii) the refreshment of the Scheme Mandate Limit under the 2018 Share Option Scheme; and (iii) the Increase in Authorized Share Capital, together with a notice convening the SGM, will be despatched to the Shareholders in due course.

The proposed adoption of New Share Award Scheme, the proposed refreshment of the Scheme Mandate Limit and the proposed Increase in Authorized Share Capital shall be subject to fulfilment of the conditions referred to in this announcement and may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“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 and terminated on 5 December 2018
“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
“Adoption Date”	the date on which the New Share Award Scheme is approved by the Shareholders at the SGM
“Award”	an award of Awarded Shares to the Selected Grantee(s) pursuant to the New Share Award Scheme
“Awarded Share(s)”	the Share(s) to be awarded to the Selected Grantee(s) pursuant to the terms and conditions of the New Share Award Scheme
“Board”	the board of Directors
“Company”	Esprit Holdings Limited (stock code: 00330), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Eligible Participant(s)”	any employee (whether full time or part time), consultant, executive or officers, directors (including any executive director, non-executive director and independent non-executive director) and senior management of any member of the Group, who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting of the Awarded Shares pursuant to the terms of the New Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Existing Share Award Scheme”	the employees’ share award scheme adopted by the Company on 17 March 2016
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Share Award Scheme”	the new share award scheme of the Company approved by the Board on 23 April 2021
“Option Shares”	the new Share(s) to be issued pursuant to the exercise of share options to be granted under the refreshed Scheme Mandate Limit
“Rights Issue”	the Rights Issue undertaken by the Company and completed on 20 April 2021, details of which are more particularly set out in the Company’s announcement dated 27 January 2021

“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all share options to be granted under 2018 Share Option Scheme and other such schemes of the Company which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Scheme Mandate Limit by the Shareholders and thereafter, if refreshed shall not exceed 10% of the refreshed limit by the Shareholders
“Selected Grantee(s)”	Eligible Participant(s) (excluding any Excluded Participant) selected by the Board (at its absolute discretion) to participate in the New Share Award Scheme subject to the terms and conditions as the Board may determine
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the New Share Award Scheme and its implementation including a specific mandate for the issue of Awarded Shares under the New Share Award Scheme; (ii) the refreshment of the Scheme Mandate Limit of the 2018 Share Option Scheme; and (iii) the Increase in Authorized Share Capital
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Schemes”	The 2009 Share Option Scheme and the 2018 Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vesting Date”	the date on which a Selected Grantee’s entitlement to the Awarded Shares under an Award is vested in such Selected Grantee in accordance with the terms of the New Share Award Scheme

“HK\$” Hong Kong Dollars, the lawful currency of Hong Kong

“%” per cent

By Order of the Board
Esprit Holdings Limited
CHIU Christin Su Yi
Acting Executive Chairman

Hong Kong, 23 April 2021

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