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## ESPRIT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**STOCK CODE: 00330**

### **CONNECTED TRANSACTION IN RELATION TO TENANCY AGREEMENT**

The Board announces that on 19 May 2022, Esprit Regional Distribution (a wholly-owned subsidiary of the Company) entered into a tenancy agreement as the tenant, namely the 29/F Tenancy Agreement with Bright Majestic (the landlord) in respect of the 29/F Premises.

#### **LISTING RULES IMPLICATIONS**

In accordance with IFRS 16 “Leases”, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the tenancy of the 29/F Premises under the 29/F Tenancy Agreement. Accordingly, the transaction under the 29/F Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

As at the date of this announcement, the Substantial Shareholder indirectly holds 82.19% equity interests in Bright Majestic. Therefore, Bright Majestic is an associate of the Substantial Shareholder and is a connected person of the Company. Accordingly, the entering into of the 29/F Tenancy Agreement by Esprit Regional Distribution constitutes a connected transaction under Chapter 14A of the Listing Rules.

Given that certain applicable percentage ratios in respect of the aggregate value of the right-of-use asset recognised by the Group under the 29/F Tenancy Agreement, when aggregated with the Previous Tenancy Agreements within 12-month period, are more than 0.1% but all of them are less than 5%, the transaction under the 29/F Tenancy Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 19 May 2022, Esprit Regional Distribution (a wholly-owned subsidiary of the Company) entered into a tenancy agreement as the tenant, namely the 29/F Tenancy Agreement with Bright Majestic (the landlord) in respect of the 29/F Premises.

## **THE 29/F TENANCY AGREEMENT**

The principal terms of the 29/F Tenancy Agreement are as follows:

Date	:	19 May 2022
Parties	:	(1) Esprit Regional Distribution, as the tenant; and (2) Bright Majestic, as the landlord
Premises	:	the 29/F Premises
Lease term	:	Two (2) years commencing from 1 June 2022 and expiring on 31 May 2024 (both days inclusive)
Size of the Premises	:	Gross floor area: 11,187 square feet Saleable area: 8,726 square feet
Rent	:	HK\$313,236.00 per month (exclusive of management fee, air-conditioning charges, government rent and rates and other outgoings), payable in advance on the first day of each calendar month  The rent was determined after taking into account (i) prevailing market conditions and the prevailing market rent for similar properties in the vicinity of the premises; and (ii) conditions of the premises, including the location of the premises as well as the facilities and management services associated with the premises. The rent payable will be financed by the internal resources of the Group
Deposit	:	HK\$626,472.00, equivalent to two months' rent
Usage	:	Office and showroom

## **RIGHT-OF-USE ASSET UNDER THE 29/F TENANCY AGREEMENT**

The value of the right-of-use asset recognised by the Group under the 29/F Tenancy Agreement amounted to approximately HK\$7.2 million, which is the present value of total rent payable for the entire term of the 29/F Tenancy Agreement in accordance with IFRS 16 “Leases”.

## **INFORMATION ON THE PARTIES**

### **The Group and Esprit Regional Distribution**

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

Esprit Regional Distribution is a wholly-owned subsidiary of the Company and principally engages in the distribution of apparel, accessories, and provision of services.

### **Bright Majestic**

Bright Majestic is an investment holding company that principally engages in holding and leasing of investment properties. As at the date of this announcement, the Substantial Shareholder indirectly holds 82.19% equity interests in Bright Majestic.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 29/F TENANCY AGREEMENT**

Currently the 12/F Premises houses the Group’s Controller Division and Finance Division; the 13/F Premises houses the Company’s global administration head office as well as the Human Resources Division and the Legal Division; the 27/F Premises houses the Company’s Product Design & Merchandising Division; and the E-Trade Plaza Premises houses the Group’s E-bits Division.

The Company re-entered the Hong Kong and Korea market in the second quarter of 2022 and already began preparing its re-entry into the United States and other key Asian markets including but not limited to China, Taiwan and Japan, which is scheduled in the second half of 2022. These major expansions are being planned, managed, and executed out from Hong Kong, the Company’s headquarter, therefore significant additional human resources are being added in Hong Kong. The relocation of selected strategic functions back to Hong Kong are also progressing on schedule. More office space in Hong Kong is required to cater to the incremental needs of the Group and in view of work convenience and efficiency of being physically together, the Company’s management has therefore decided to enter into the 29/F Tenancy Agreement. 29/F Premises will serve as an extension of the

Company's Product Design & Merchandising Division. 29/F Premises will be used primarily as a product showroom equipped with model runway as well as dressing room and will also accommodate employees including designers and fashion consultants for the Product Design & Merchandising Division.

The terms of the 29/F Tenancy Agreement arrived at an arm's length negotiation between the parties to the 29/F Tenancy Agreement. The monthly rent for the 29/F Tenancy Agreement represents a discount of 1.81% to the prevailing market rent of the premises of HK\$319,000 as assessed by an independent valuer.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 29/F Tenancy Agreement are fair and reasonable, and the 29/F Tenancy Agreement has been entered on normal commercial terms and in the ordinary and usual course of business of the Group. Therefore, the 29/F Tenancy Agreement is in the best interest of the Group and its Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the 29/F Tenancy Agreement nor is required to abstain from voting on the resolution to approve the transactions contemplated under the 29/F Tenancy Agreement.

## **LISTING RULES IMPLICATIONS**

In accordance with IFRS 16 "Leases", the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the tenancy of the 29/F Premises under the 29/F Tenancy Agreement. Accordingly, the transaction under the 29/F Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

As at the date of this announcement, the Substantial Shareholder indirectly holds 82.19% equity interests in Bright Majestic. Therefore, Bright Majestic is an associate of the Substantial Shareholder and is a connected person of the Company. Accordingly, the entering into of the 29/F Tenancy Agreement by Esprit Regional Distribution constitutes a connected transaction under Chapter 14A of the Listing Rules.

Given that certain applicable percentage ratios in respect of the aggregate value of the right-of-use asset recognised by the Group under the 29/F Tenancy Agreement, when aggregated with the Previous Tenancy Agreements within 12-month period, are more than 0.1% but all of them are less than 5%, the transaction under the 29/F Tenancy Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“12/F Premises”	the whole floor of 12th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 10,963 square feet
“12/F Tenancy Agreement”	the tenancy agreement dated 23 November 2021 entered between Esprit Regional Distribution as tenant and Hero Mode Limited as landlord in respect of the 12/F Premises
“13/F Premises”	the whole floor of 13th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 10,963 square feet
“13/F Tenancy Agreement”	the tenancy agreement dated 25 January 2021 entered into between Esprit Regional Distribution as tenant and Filen Limited as landlord in respect of the 13/F Premises
“27/F Premises”	the whole floor of 27th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 11,187 square feet
“27/F Tenancy Agreement”	the tenancy agreement dated 25 January 2021 entered into between Esprit Regional Distribution as tenant and CUCNP Holdings Limited as landlord in respect of the 27/F Premises
“29/F Premises”	the whole floor of 29th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 11,187 square feet
“29/F Tenancy Agreement”	the tenancy agreement dated 19 May 2022 entered into between Esprit Regional Distribution as tenant and Bright Majestic as landlord in respect of the 29/F Premises
“Board”	the board of Directors

“Bright Majestic”	Bright Majestic Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	Esprit Holdings Limited (Stock Code: 00330), a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“E-Trade Plaza Premises”	the whole floor of 9th Floor of E-Trade Plaza, 24 Lee Chung Street, Chai Wan, Hong Kong with gross area of approximately 7,758 square feet and car parking spaces nos. 222, 223 and 224 on 2nd Floor of E-Trade Plaza
“E-Trade Plaza Tenancy Agreement”	the tenancy agreement dated 23 November 2021 entered into between Esprit Regional Distribution as tenant and Golden Lake Property Limited as landlord in respect of the E-Trade Plaza Premises
“Esprit Regional Distribution”	Esprit Regional Distribution Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Previous Tenancy Agreements”	12/F Tenancy Agreement, 13/F Tenancy Agreement, 27/F Tenancy Agreement and E-Trade Plaza Tenancy Agreement, particulars of which are disclosed in the Company’s announcements dated 25 January 2021 and 23 November 2021

“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Substantial Shareholder”	Ms. LO Ki Yan Karen, a substantial shareholder of the Company as at the date of this announcement
“%”	per cent.

By order of the Board  
**Esprit Holdings Limited**  
**CHIU Christin Su Yi**  
*Chairperson*

Hong Kong, 19 May 2022

Dates 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. PAK William Eui Won  
Mr. SCHLANGMANN Wolfgang Paul Josef  
Mr. WRIGHT Bradley Stephen

*Independent Non-executive Directors:*

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