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

The Board announces that on 25 January 2021, Esprit Regional Distribution, a wholly owned subsidiary of the Company, as the tenant, entered into (i) the 13/F Tenancy Agreement with Filen Limited, as landlord, in respect of the tenancy of the 13/F Premises; and (ii) the 27/F Tenancy Agreement with CUCNP Holdings, as landlord, in respect of the tenancy of the 27/F Premises, respectively.

### **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 Premises under the Tenancy Agreements. Accordingly, the transactions under the Tenancy Agreements 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, each of Filen Limited and CUCNP Holdings is an associate of the substantial shareholder of the Company and is a connected person of the Company. Accordingly, the entering into of the Tenancy Agreements by Esprit Regional Distribution constitute connected transactions under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use asset recognised by the Group under the Tenancy Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the annual review, reporting and announcement requirements but are exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

The Board announces that on 25 January 2021, Esprit Regional Distribution, a wholly owned subsidiary of the Company, as the tenant, entered into (i) the 13/F Tenancy Agreement with Filen Limited, as landlord, in respect of the tenancy of the 13/F Premises; and (ii) the 27/F Tenancy Agreement with CUCNP Holdings, as landlord, in respect of the tenancy of the 27/F Premises, respectively.

**THE TENANCY AGREEMENTS**

The principal terms of the 13/F Tenancy Agreement are as follows:

- Date : 25 January 2021
- Parties : (1) Esprit Regional Distribution, as the tenant; and  
(2) Filen Limited, as the landlord.
- 13/F Premises : The whole floor of 13<sup>th</sup> Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 10,963 square feet
- Lease term : Two (2) Years commencing from 1 February 2021 and expiring on 31 January 2023 (both days inclusive)
- Rent : HK\$296,001.00 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, with a rent free period of five (5) months commencing from 1 February 2021 and expiring on 30 June 2021 provided that during the said rent free period, the management fee, air-conditioning charges, government rent and rates and other outgoings in respect of the 13/F Premises shall be borne by Esprit Regional Distribution.

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\$592,002.00, equivalent to two months' rent
- Temporary Use of 15/F Premises : Subject to the due performance of Esprit Regional Distribution under the 13/F Tenancy Agreement including the due payment of the rent, Filen Limited will allow Esprit Regional Distribution to use and occupy Units 1503-1511, China United Centre, 28 Marble Road, North Point, Hong Kong (the “**15/F Premises**”) free of any licence fee up to six (6) months commencing from the date of the 13/F Tenancy Agreement as temporary office during the renovation works of the 13/F Premises provided that Esprit Regional Distribution shall be solely responsible for all outgoings and expenses in respect of the 15/F Premises including all management fees, government rent and rates, air-conditioning charge and all utilities fees and charges during such occupation period.

The principal terms of the 27/F Tenancy Agreement are as follows:

- Date : 25 January 2021
- Parties : (1) Esprit Regional Distribution, as the tenant; and  
(2) CUCNP Holdings, as the landlord.
- 27/F Premises : The whole floor of 27<sup>th</sup> Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 11,187 square feet
- Lease term : Two (2) Years commencing from 1 February 2021 and expiring on 31 January 2023 (both days inclusive)
- Rent : HK\$302,049.00 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, with a rent free period of five (5) months commencing from 1 February 2021 and expiring on 30 June 2021 provided that during the said rent free period, the management fee, air-conditioning charges, government rent and rates and other outgoings in respect of the 27/F Premises shall be borne by Esprit Regional Distribution.
- 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\$604,098.00, equivalent to two months' rent

## **RIGHT-OF-USE ASSET**

The value of the right-of-use asset recognised by the Group under the 13/F Tenancy Agreement and the 27/F Tenancy Agreement amounted to approximately HK\$5.4 million and approximately HK\$5.5 million respectively, which are the respective present value of total rent payable for the entire term of the 13/F Tenancy Agreement and the 27/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 and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known Esprit brand name.

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

## **Filen Limited and CUCNP Holdings**

Filen Limited and CUCNP Holdings are investment holding companies that principally engage in holding and leasing of investment properties.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS**

The Premises will be used as offices of Esprit Regional Distribution for its global administrative headquarters and wholesale distribution of apparel and accessories business. The terms of the Tenancy Agreements were arrived at after arm's length negotiation between the parties to the Tenancy Agreements. The monthly rent for each of the Tenancy Agreements represents a discount to the prevailing market rent of the Premises as assessed by an independent valuer.

Benefits of entering into the Tenancy Agreements include the convenience of the Premises as the building is adjacent to the MTR station and the landlords of the Premises provided the renovations and facilities which are immediately available for the Group's occupancy; and the flexibility of expanding to more spaces in the same building in a cost-and-time efficient manner (with the five months' rent-free period) as the Company expands its business and operations in Asia with Hong Kong as the hub. In addition, Esprit Regional Distribution is allowed to use and occupy the 15/F Premises free of any licence fee up to six (6) months commencing from the date of the 13/F Tenancy Agreement as temporary office during the renovation works of the 13/F Premises.

The Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Tenancy Agreements are fair and reasonable and that the Tenancy Agreements are in the interests of the Group and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Tenancy Agreements or is required to abstain from voting on the resolution to approve the transactions contemplated under the Tenancy Agreements.

### **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 Premises under the Tenancy Agreements. Accordingly, the transactions under the Tenancy Agreements 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, each of Filen Limited and CUCNP Holdings is an indirect subsidiary of Terra Firma Holdings Limited, a company held by the trustee of a discretionary trust of which the immediate family member of Ms. Lo Ki Yan Karen is a beneficiary. Ms. Lo Ki Yan Karen is a substantial shareholder of the Company, hence a connected person of the Company. Therefore, each of Filen Limited and CUCNP Holdings is an associate of the substantial shareholder of the Company and is a connected person of the Company. Accordingly, the entering into of the Tenancy Agreements by Esprit Regional Distribution constitute connected transactions under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use asset recognised by the Group under the Tenancy Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the annual review, reporting and announcement requirements but are 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:

“13/F Premises”	The whole floor of 13 <sup>th</sup> 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 27 <sup>th</sup> 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 as landlord in respect of the 27/F Premises
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CUCNP Holdings”	CUCNP Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Director(s)”	the director(s) of the Company
“Esprit Regional Distribution”	Esprit Regional Distribution Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Filen Limited”	Filen Limited, a company incorporated in Hong Kong with limited liability
“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
“Premises”	13/F Premises and 27/F Premises
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Tenancy Agreements”	13/F Tenancy Agreement and 27/F Tenancy Agreement
“%”	per cent.

By Order of the Board  
**CHIU Christin Su Yi**  
*Acting Executive Chairman*

Hong Kong, 25 January 2021

*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. 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