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ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00330

CONNECTED TRANSACTION IN RELATION TO RENEWAL OF TENANCY AGREEMENTS

Reference is made to (i) the announcement of the Company dated 19 May 2022 in relation to the Previous 29/F Tenancy Agreement entered into between Esprit Regional Distribution (a wholly-owned subsidiary of the Company), as the tenant, and Bright Majestic, as the landlord, which will expire on 31 May 2024; and (ii) the announcement of the Company dated 12 October 2022 in relation to the Previous 26/F Tenancy Agreement entered into between Esprit Regional Distribution (a wholly-owned subsidiary of the Company), as the tenant, and Wealth Elegant, as the landlord, which will expire on 31 October 2024.

The Board announces that on 28 May 2024, Esprit Regional Distribution entered into two tenancy agreements, as the tenant, namely (i) the 29/F Tenancy Agreement with Bright Majestic, as the landlord, in respect of the renewal of tenancy of the 29/F Premises; and (ii) the 26/F Tenancy Agreement with Wealth Elegant, as the landlord, in respect of the renewal of tenancy of the 26/F Premises, respectively.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16 “Leases”, the Company will recognise the right-of-use assets on its consolidated statement of financial position in connection with the tenancy of the 29/F Premises and the 26/F Premises under the New Tenancy Agreements. Accordingly, the transactions under the New Tenancy Agreements will be regarded as acquisitions of assets 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 both Bright Majestic and Wealth Elegant. Therefore, each of Bright Majestic and Wealth Elegant is an associate of the Substantial Shareholder and a connected person of the Company. Accordingly, the entering into the New Tenancy Agreements by Esprit Regional Distribution constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

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

INTRODUCTION

Reference is made to (i) the announcements of the Company dated 19 May 2022 in relation to the Previous 29/F Tenancy Agreement entered into between Esprit Regional Distribution (a wholly-owned subsidiary of the Company), as the tenant, and Bright Majestic, as the landlord, which will expire on 31 May 2024; and (ii) the announcement of the Company dated 12 October 2022 in relation to the Previous 26/F Tenancy Agreement entered into between Esprit Regional Distribution (a wholly-owned subsidiary of the Company), as the tenant, and Wealth Elegant, as the landlord, which will expire on 31 October 2024.

The Board announces that on 28 May 2024, Esprit Regional Distribution entered into two tenancy agreements, as the tenant, namely (i) the 29/F Tenancy Agreement with Bright Majestic, as the landlord, in respect of the renewal of tenancy of the 29/F Premises; and (ii) the 26/F Tenancy Agreement with Wealth Elegant, as the landlord, in respect of the renewal of tenancy of the 26/F Premises, respectively.

THE NEW TENANCY AGREEMENTS

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

Date	: 28 May 2024
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 and one (1) month commencing from 1 June 2024 and expiring on 30 June 2026 (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 29/F Premises; and (ii) conditions of the 29/F Premises, including the location of the premises as well as the facilities and management services associated with the 29/F Premises. The rent payable will be financed by the internal resources of the Group.

Deposit : HK\$626,472.00, equivalent to two (2) months' rent

Usage : Office and showroom

The principal terms of the 26/F Tenancy Agreement are as follows:

Date : 28 May 2024

Parties : (1) Esprit Regional Distribution, as the tenant; and
(2) Wealth Elegant, as the landlord

Premises : the 26/F Premises

Lease term : One (1) year and eight (8) months commencing from 1 November 2024 and expiring on 30 June 2026 (both days inclusive)

Size of the Premises : Gross floor area: 11,187 square feet
Saleable area: 7,304 square feet

Rent : HK\$335,610.00 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 26/F Premises; and (ii) conditions of the 26/F Premises, including the location of the premises as well as the facilities and management services associated with the 26/F Premises. The rent payable will be financed by the internal resources of the Group.

Deposit : HK\$671,220.00, equivalent to two (2) months' rent

Usage : Office

RIGHT-OF-USE ASSETS

The value of the right-of-use assets recognised by the Group under the 29/F Tenancy Agreement and the 26/F Tenancy Agreement amounted to approximately HK\$7.4 million and approximately HK\$6.4 million, respectively, which are the respective present values of total rent payable for the entire respective terms of the 29/F Tenancy Agreement and the 26/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 renowned 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 and Wealth Elegant

Bright Majestic and Wealth Elegant are investment holding companies that principally engage in holding and leasing of investment properties. As at the date of this announcement, the Substantial Shareholder indirectly holds 82.19% equity interests in both Bright Majestic and Wealth Elegant.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENTS

Currently, the 29/F Premises houses the Company's Product Design & Merchandising Division and uses it as a product showroom equipped with model runways as well as dressing room; the 26/F Premises houses the Company's IT/E-commerce department. There remains continuing need for quality office spaces such as those offered by the 29/F Premises and the 26/F Premises. The renewal of the tenancies allows the Company to remain in these spaces and avoid the need to look for new premises and save expenses that would otherwise be incurred such as moving/relocation and renovation of new premises. It also saves time in that the current premises are immediately available for operation while new premises would require time for renovation and moving in.

The renewal will also keep the Company's teams in close physical proximity to increase work convenience, efficiency and encourage the development of rapport amongst the Company's teams. The Company intends to continue the current use of the 29/F Premises and the 26/F Premises as indicated above and is planning to relocate and centralize the staff on these two floors going forward.

The terms of the 29/F Tenancy Agreement and the 26/F Tenancy Agreement were arrived at after arm's length negotiation between the respective parties to the 29/F Tenancy Agreement and the 26/F Tenancy Agreement. The monthly rents for the New Tenancy Agreements represents discounts of approximately 9.7% and approximately 3.3% to the respective prevailing market rents for the 29/F Premises and the 26/F Premises as assessed by an independent valuer.

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

LISTING RULES IMPLICATIONS

In accordance with IFRS 16 "Leases", the Company will recognise the right-of-use assets on its consolidated statement of financial position in connection with the tenancy of the 29/F Premises and the 26/F Premises under the New Tenancy Agreements. Accordingly, the transactions under the New Tenancy Agreements will be regarded as acquisitions of assets 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 both Bright Majestic and Wealth Elegant. Therefore, each of Bright Majestic and Wealth Elegant is an associate of the Substantial Shareholder and a connected person of the Company. Accordingly, the entering into the New Tenancy Agreements by Esprit Regional Distribution constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that certain applicable percentage ratios in respect of the aggregate value of the right-of-use assets recognised by the Group under the New Tenancy Agreements are more than 0.1% but less than 5%, the transactions under the New Tenancy Agreements are subject to the 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:

“26/F Premises”	the whole floor of 26th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 11,187 square feet
“26/F Tenancy Agreement”	the tenancy agreement dated 28 May 2024 entered into between Esprit Regional Distribution as the tenant and Wealth Elegant Investments Limited as the landlord in respect of the 26/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 28 May 2024 entered into between Esprit Regional Distribution as the tenant and Bright Majestic Limited as the 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
“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
“New Tenancy Agreements”	collectively, the 29/F Tenancy Agreement and the 26/F Tenancy Agreement
“Previous 26/F Tenancy Agreement”	the tenancy agreement dated 12 October 2022 entered into between Esprit Regional Distribution as the tenant and Wealth Elegant Investments Limited as the landlord in respect of the 26/F Premises
“Previous 29/F Tenancy Agreement”	the tenancy agreement dated 19 May 2022 entered into between Esprit Regional Distribution as the tenant and Bright Majestic Limited as the landlord in respect of the 29/F Premises
“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

“Wealth Elegant”

Wealth Elegant Investments Limited, a company incorporated in the British Virgin Islands with limited liability

“%”

per cent.

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

Hong Kong, 28 May 2024

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. STRIPPOLI Anthony Nicola
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