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**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**Stock Code: 00330**

## **INSIDE INFORMATION SELF-ADMINISTRATION PROCEEDINGS FILINGS BY GERMAN SUBSIDIARIES**

This announcement is made by Esprit Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) and 13.25 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **SELF-ADMINISTRATION PROCEEDINGS FILINGS BY GERMAN SUBSIDIARIES**

The board of directors of the Company (the “**Board**”) announces that the respective board of directors of Esprit Europe GmbH (“**DEEG**”), Esprit Europe Services GmbH (“**DEES**”), Esprit Wholesale GmbH (“**DEWG**”), Esprit Card Services GmbH (“**DECS**”), Esprit Design & Product Development GmbH (“**DEPD**”) and Esprit Global Image GmbH (“**DEEA**”) and the general partner of Esprit Retail B.V. & CO. KG (“**DERB**”) (collectively, the “**Subsidiaries**”) resolved, after due and careful consideration, to apply for the commencement of insolvency proceedings under self-administration over each Subsidiary’s assets (the “**Self-administration Proceedings Filings**”) at the competent insolvency court of Düsseldorf, Germany. Subject to the court making the orders as sought, the insolvency proceedings of the Subsidiaries will be conducted as debtor-in-possession proceedings (or “self-administration”; in Germany “*Eigenverwaltungsverfahren*”) which will enable each Subsidiary to reorganise both its finances and its business and make full use of the tools provided by German insolvency law. Consequently, the respective board of directors or general partner of the Subsidiaries resolved to approve the Self-administration Proceedings Filings; and subsequently, the Self-administration Proceedings Filings were made on 15 May 2024.

Other than the Subsidiaries (except for DERB), DEEG is also the direct or indirect shareholder of certain subsidiaries of the Company incorporated in Europe, such as Esprit De Corp France SAS, Esprit GB Limited, Esprit Handelsgesellschaft m.b.H and Esprit Europe Holdings B.V.. DEWG is the sole shareholder of Esprit Poland Retail Sp.z o.o. The Self-administration Proceedings Filings made by DEEG and DEWG may result in the subsidiaries of these two companies being subject to insolvency proceedings in the future. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules should any subsidiary of DEEG or DEWG present an insolvency petition.

## **REASONS FOR THE SELF-ADMINISTRATION PROCEEDINGS FILINGS**

In recent years, the Subsidiaries have been battling extremely high costs due to inflation, interest rates and energy prices, the after-effects of the coronavirus pandemic and the consequences of international conflicts, all of which have weakened the Subsidiaries' financial situation. The situation has been exacerbated by the burden of legacy costs, such as high rents of long-term lease for the unsuitably sized stores, labor costs of overly bloated workforce and expenses related to an overcapacity logistic setup. All of these made it unviable financially to continue the business as it is currently structured in Germany. The aforementioned reasons lead to the tight liquidity situation of the Subsidiaries under the Group's European business.

The board of directors or general partner of each Subsidiary reported to the Board that the relevant Subsidiary has now become cash flow insolvent or was going to become cash flow insolvent shortly and that it is in the best interests of the Group to proceed with the Self-administration Proceedings Filings for such Subsidiary.

In response to the above-mentioned issues and the current liquidity situation of the Subsidiaries, the Company has undertaken a comprehensive transformation of the Subsidiaries and has developed the self-administration strategy which allows the Company to reorganize its finances and business in Europe. It provides necessary flexibility and agility to effectively pursue the ongoing transformation program which is favorable to the long-term and sustainable development of the Company.

## **POSSIBLE EFFECT OF THE SELF-ADMINISTRATION PROCEEDINGS FILINGS ON THE GROUP**

The major advantage of self-administration is that the management of each Subsidiary will continue to conduct the day-to-day business operations. This continuity will greatly help preserve the value of the business, protect jobs, and enhance the chances of a successful restructuring. Further, self-administration allows the management of each Subsidiary to maintain direct communication with stakeholders, such as employees, suppliers, customers and creditors. This transparent

and open dialogue can help build trust, facilitate negotiations and improve the prospects of obtaining support for the restructuring efforts. In addition, self-administration will provide the Subsidiaries with greater flexibility to negotiate and implement the necessary restructuring measures. The management of each Subsidiary can propose and execute a restructuring plan that is tailored to the specific needs and circumstances of such Subsidiary, allowing for more creative solutions and potentially better outcomes.

The self-administration proceedings have been initiated with the primary objective of not only restoring the economic stability of the Company but also retaining the strength of the ESPRIT brand name. By taking proactive steps to address the disproportionate operating costs and streamline the business, the Company demonstrates its commitment to maintaining a strong and competitive brand presence in the market. Moreover, under the self-administration proceedings, the Company also continues to explore new funding opportunities. Various potential investors have expressed their interest for strategic partnership. By aligning the brand's image with operational efficiency, addressing disproportionate costs, and exploring new funding opportunities, the Company is poised to navigate the challenges, adapt to evolving market dynamics, enhance its market position and ensure a sustainable future.

Further announcement(s) will be made by the Company if there is any material progress in connection with the Self-administration Proceedings Filings as and when appropriate in accordance with the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 15 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