ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

ANNUAL RESULTS

The board of directors (the "Board") of Esprit Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group" or "ESPRIT") for the year ended 31 December 2024 (the "Year") together with the comparative figures for the year ended 31 December 2023 (the "Corresponding Year"). The following financial information, including the comparative figures, has been prepared in accordance with IFRS Accounting Standards ("IFRS").

CONSOLIDATED FINANCIAL RESULTS

Consolidated Statement of Profit or Loss

HK$ million	*Notes*	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Continuing operations			
Revenue	*3*	**42**	50
Cost of sales		**(1)**	(19)
Gross profit		**41**	31
Staff costs		**(102)**	(147)
Occupancy costs		**(2)**	(4)
Logistics expenses		**(1)**	(3)
Marketing and advertising expenses		**–**	(8)
Depreciation of property, plant and equipment		**(1)**	(4)
Depreciation of right-of-use assets		**(8)**	(10)
Impairment loss on property, plant and equipment		**(1)**	(1)
Impairment loss on right-of-use assets		**(28)**	–
Impairment loss on trademarks		**(90)**	–
Provision for impairment of trade debtors, net		**(5)**	–
Provision for impairment of loan to a joint venture		**(23)**	–
Other income		**129**	–
Other operating costs		**(197)**	(35)
Operating loss from continuing operations	*4*	**(288)**	(181)
Share of losses from a joint venture		**–**	(4)
Interest income	*5*	**1**	13
Finance costs	*6*	**(3)**	–
Loss before taxation from continuing operations		**(290)**	(172)
Taxation	*7*	**3**	(41)
Loss from continuing operations		**(287)**	(213)
Discontinued operations			
Loss from discontinued operations	*1.3*	**(940)**	(2,126)
Loss attributable to shareholders of the Company		**(1,227)**	(2,339)
Loss per share for loss attributable to shareholders of the Company – basic and diluted	*12*	**HK$(0.43)**	HK$(0.83)
Loss per share from continuing operations – basic and diluted	*12*	**HK$(0.10)**	HK$(0.08)
Loss per share from discontinued operations – basic and diluted	*12*	**HK$(0.33)**	HK$(0.75)

Consolidated Statement of Comprehensive Income

HK$ million	*Notes*	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Loss from continuing operations		**(287)**	(213)
Loss from discontinued operations	*1.3*	**(940)**	(2,126)
Loss attributable to shareholders of the Company		**(1,227)**	(2,339)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurements of retirement defined benefit obligations, net of tax		**–**	(7)
		–	(7)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation (losses)/gains from continuing operations		**(65)**	177
Foreign exchange translation gains/(losses) from discontinued operations		**29**	(100)
Recycling of translation reserve	*1.2.2*	**(525)**	–
Release of capital reserve		**(1)**	–
		(562)	77
Total comprehensive loss for the year attributable to shareholders of the Company, net of tax		**(1,789)**	(2,269)
– from continuing operations		**(352)**	(36)
– from discontinued operations		**(1,437)**	(2,233)

Consolidated Balance Sheet

HK$ million	*Notes*	**As at 31 December 2024**	As at 31 December 2023
Non-current assets			
Intangible assets	*8*	**268**	1,296
Property, plant and equipment		**–**	177
Right-of-use assets		**3**	1,280
Financial assets at fair value through profit or loss		**1**	3
Loans to a joint venture		**22**	47
Debtors and deposits	*9*	**1**	344
Deferred tax assets		**–**	27
		295	3,174
Current assets			
Inventories		**–**	1,301
Debtors, deposits and prepayments	*9*	**34**	832
Tax receivable		**8**	20
Cash, bank balances and deposits		**79**	435
		121	2,588
TOTAL ASSETS		**416**	5,762
Current liabilities			
Creditors and accrued charges	*10*	**66**	1,307
Lease liabilities		**16**	766
Provisions		**1**	175
Tax payable		**1**	235
		84	2,483
Net current assets		**37**	105
Total assets less current liabilities		**332**	3,279
Equity			
Share capital	*11*	**283**	283
Reserves		**(106)**	1,683
		177	1,966
Non-current liabilities			
Lease liabilities		**–**	1,189
Retirement defined benefit obligations		**–**	11
Long-term borrowings		**109**	–
Deferred tax liabilities		**46**	113
		155	1,313
TOTAL LIABILITIES		**239**	3,796
TOTAL EQUITY AND LIABILITIES		**416**	5,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF THE PREPARATION

1.1. Going Concern

For the year ended 31 December 2024, the Group recorded a net loss attributable to shareholders of the Company of HK$1,227 million and a net cash outflow of HK$353 million. As at 31 December 2024, the Group's net current assets were HK$37 million against long-term borrowings of HK$109 million. Cash, bank balances and deposits amounted to HK$79 million as at the same date.

The Group had experienced recurring losses and faced challenging retail conditions in Europe. The Group's European subsidiaries, particularly those in Germany, have encountered exceptionally high operating costs due to inflation, rising interest rates, and escalating energy prices and these are further exacerbated by on-going geopolitical conflicts in Ukraine. These challenges have detrimentally weakened the financial health of the Group's European subsidiaries, compounded by legacy costs such as high rents for long-term leases on inappropriate sized retail spaces, excessive labour costs associated with an oversized workforce, costs stemming from outdated and ineffective IT structures, and an overcapacity logistics framework. All together, these issues have rendered the existing business model financially unsound and unsustainable, resulting in contracting, constrained and inadequate liquidity for the European operations. The Company had extended significant financial support to sustain operations of these European subsidiaries over the last several years, however, despite these efforts, there remained limited potential for future performance improvement in Europe, and had undermined the overall financial health and stability of the business of the Company. To stop these continual blood-letting from such untenable situation, the decision for the initiation of the Insolvency Proceedings, as defined hereafter had been made by the relevant European subsidiaries.

Despite ceasing most of its retail, wholesale, and E-shop operations due to the Insolvency Proceedings, the Company remains committed to preserving the global presence of the Esprit brand and will continue its efforts to maintain and enhance its brand equity, which is recognized as the Company's most valuable asset. The Company retains the Esprit trademarks for all regions outside of Europe and the United Kingdom, providing a strong foundation for developing and expanding its licensing business, which the Company determines as its future primary business model. The Company has initiated an exit from its legacy business model and infrastructure, which incurred significant capital expenditures associated with sourcing, distribution, and retail operations. With this exit, the Company is now well-positioned to transition towards an asset-light, licensing-focused business model.

To improve the liquidity and ensure sufficient financing for future business development under an asset-light, licensing-focused business model, the Group is in the process of implementing the following plans and measures:

1. The Board will evaluate opportunities to strengthen the financial position of the Group and expand the Company's capital base through equity fundraising initiatives, including but not limited to share placements, rights issues, and other methods, when suitable and advantageous opportunities arise.

2. Following the deconsolidation of the loss-making subsidiaries, particularly the European subsidiaries that are undergoing Insolvency Proceedings, the financial position of the Group has demonstrated significant improvement. Total liabilities of the Group decreased from HK$3,796 million as at 31 December 2023 to HK$239 million as at 31 December 2024. In light of this enhanced financial position, the Company is now well-positioned to transition towards an asset-light, licensing-focused business model. The Company has established partnership for the Greater China region and North America and is actively engaged with additional potential strategic partners to explore licensing opportunities for Esprit's intellectual property across various geographic locations and product categories. By carefully selecting suitable partners and leveraging the advantages of the licensing model, the Company aims to maximize sustainable monetization of Esprit's global brand.

1. BASIS OF THE PREPARATION (CONTINUED)

1.1. Going Concern (continued)

3. As at 31 December 2024, the Group has secured loan facilities of HK$220 million in total to finance the Group's general working capital needs. As of 31 December 2024, the Group has drawn down a total of HK$109 million, leaving an unutilized loan facility balance of HK$111 million. The loan facility of HK$20 million subsequently expired on 4 February 2025 and was fully repaid. The current maturity date of the HK$200 million loan facility, if not further extended, is 2 February 2027. The Group has obtained additional loan facility of HK$140 million subsequent to the reporting period. Additionally, the Group may pursue further financing from financial institutions with more favourable terms as opportunities arise and when necessary.

4. The Group is committed to generating cash inflows from its licensing-focused business model by executing advantageous licensing agreements with financially robust and capable business partners. The Company will also implement strategic measures to tighten cost over various recurring operating expenses to enhance its ability to improve profitability.

The Board has reviewed the Group's cash flow forecast prepared by management covering a period of twelve months from 1 January 2025. After considering the plans and measures outlined above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. The Board is therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

1.2. Deconsolidation of subsidiaries

1.2.1. Insolvency Proceedings

It was disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024, and 27 June 2024 that two subsidiaries of the Company in Switzerland, one in Belgium, seven in Germany and one in Denmark filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts (collectively the "EU Insolvency Proceedings"). Esprit Europe GmbH ("DEEG") and Esprit Wholesale GmbH ("DEWG"), the German subsidiaries that initiated the EU Insolvency Proceedings in May 2024, are also direct or indirect shareholders of several subsidiaries of the Company incorporated in Europe, such as Esprit De Corp France SAS, Esprit GB Limited, Esprit Handelsgesellschaft m.b.H, Esprit Europe Holdings B.V. and Esprit Poland Retail Sp.z o.o.. The initiation of the EU Insolvency Proceedings by DEEG and DEWG may result in the subsidiaries of these two entities being subject to their own insolvency proceedings in the future.

Furthermore, in the latter half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024, and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors' voluntary liquidation, and filed for bankruptcy with the relevant competent courts (together with the "EU Insolvency Proceedings", the "Insolvency Proceedings"). Esprit Europe B.V. ("NLEB"), the Dutch subsidiary that initiated the Insolvency Proceedings in July 2024, is not only the shareholder of various European subsidiaries currently undergoing the Insolvency Proceedings, but also the shareholder of Esprit Nederland B.V., Esprit Luxembourg S.à.r.l., Esprit De Corp. (Spain), S.L., and every day counts Limited. The initiation of the Insolvency Proceedings by NLEB may result in these subsidiaries being subject to their own insolvency proceedings in the future.

1. BASIS OF THE PREPARATION (CONTINUED)

1.2. Deconsolidation of subsidiaries (Continued)

1.2.1. Insolvency Proceedings (Continued)

As of the respective dates the competent courts handing down their orders for the commencement of respective Insolvency Proceedings over the assets of the aforementioned subsidiaries, the Company was no longer considered to have control over said subsidiaries, as well as their subsidiaries. As a result, the financial results of these subsidiaries, together with the financial results of their respective subsidiaries, have been deconsolidated from those of the Group.

Below is the list of the subsidiaries (together with Esprit Macao and Esprit Chongqing, as defined hereafter, collectively the "Deconsolidated Entities") were deconsolidated from those of the Group during the Year.

Name of the subsidiary	Nature of the subsidiary
Esprit Switzerland Retail AG	Retail distribution of apparel and accessories
Esprit Belgie Retail N.V.	Retail distribution of apparel and accessories
Esprit Europe GmbH	Management and control function; render of services to Esprit Group
Esprit Europe Services GmbH	Sourcing, purchase and sale of merchandise, distribution of merchandise and other logistic functions, including customs dealing and quality control; holding and licensing of trademarks; and treasury services to European group subsidiaries
Esprit Wholesale GmbH	Wholesale distribution of apparel and accessories
Esprit Card Services GmbH	Issuance, accounting of and service in connection with Gift Card, as provided to certain European group subsidiaries and distribution partners in Europe
Esprit Design & Product Development GmbH	Provision of services to the worldwide Esprit Group in relation to the development of designs, styles and prototypes for the sales line of ESPRIT products
Esprit Global Image GmbH	Design and image directions; conceptualization and development of global uniform image; conceptualization and development of global image direction within product development
Esprit Retail B.V. & Co. KG	Retail and E-commerce distribution of apparel and accessories
Esprit De Corp France SAS	Wholesale and retail distribution of apparel and accessories
Esprit GB Limited	Wholesale distribution of apparel and accessories
Esprit Handelsgesellschaft m.b.H	Wholesale and retail distribution of apparel and accessories
Esprit Europe Holdings B.V.	Investment holding
Esprit GB Retail Limited	Retail distribution of apparel and accessories
Esprit Belgie Wholesale N.V	Wholesale distribution of apparel and accessories
Esprit de Corp. Danmark A/S	Wholesale and retail distribution of apparel and accessories
Esprit Sweden AB	Wholesale and retail distribution of apparel and accessories
Esprit (Norway) A/S	Wholesale distribution of apparel and accessories
Esprit Poland Retail Sp.z o.o.	Retail distribution of apparel and accessories

1. BASIS OF THE PREPARATION (CONTINUED)

1.2. Deconsolidation of subsidiaries (Continued)

1.2.1. Insolvency Proceedings (Continued)

Name of the subsidiary	Nature of the subsidiary
Esprit Switzerland Distribution AG	Wholesale distribution of apparel and accessories
Esprit Italy Distribution S.R.L.	Wholesale distribution of apparel and accessories
Esprit Europe B.V.	Investment holding, wholesale and retail distribution of apparel and accessories, and licensing of trademarks
Esprit Nederland B.V.	Investment holding
Esprit Luxembourg S.à.r.l.	Retail distribution of apparel and accessories
Esprit De Corp. (Spain), S.L.	Wholesale distribution of apparel and accessories
every day counts Limited	Assets holdings
Esprit Regional Distribution Limited	Wholesale and E-commerce distribution of apparel and accessories and provision of services
Esprit Retail (Hong Kong) Limited	Retail distribution of apparel and accessories
Esprit US Distributions Limited	Wholesale distribution of apparel and accessories and provision of services
Esprit US Retail Inc.	Retail and E-commerce distribution of apparel and accessories
E De Corps. M Inc.	Retail distribution of apparel and accessories

Additionally, Esprit Macao Sole Shareholder Limited ("Esprit Macao"), an indirect wholly-owned subsidiary of the Company, had ceased its business operations in 2017, and all its outstanding external liabilities were settled in 2022. Esprit Macao was dissolved and liquidated on 25 March 2024. 重慶埃斯普利特商業有限公司 ("Esprit Chongqing"), an indirect wholly-owned subsidiary of the Company, had ceased its business operations in 2018, and all its outstanding external liabilities were settled. As a result, Esprit Chongqing was deregistered on 23 October 2024.

1.2.2. Result from deconsolidation

Whereas the Company no longer has control over the Deconsolidated Entities, the financial results of these subsidiaries have been deconsolidated from those of the Group.

The effects from the deconsolidation on the consolidated financial statements for the Year are as follows:

HK$ million	At the date of deconsolidation
Net liabilities disposed of:	
Intangible assets	(149)
Property, plant and equipment	(1)
Right-of-use assets	(10)
Deferred tax assets	(23)
Cash, bank balances and deposits	(332)
Other assets	(571)
Provisions	155
Lease liabilities	1,777
Deferred tax liabilities	31
Other liabilities	1,310
Carrying amount of net liabilities disposed of	2,187
Recycling of translation reserve	525
Gain on deconsolidation	2,712
Cash outflow from deconsolidation of subsidiaries:	
Cash, bank balances and deposits deconsolidated	(332)

1. BASIS OF THE PREPARATION (CONTINUED)

1.3. Discontinued operations

During the Year, the Group has ceased most of its retail, wholesale, and E-shop operations due to the Insolvency Proceedings other than licensing business, and is transitioning its business model to an asset-light, business. As such, those discontinued Europe, United States and Hong Kong operations are disclosed as discontinued operations.

The financial performance of the discontinued operations is presented in the following table:

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023
Revenue	**1,551**	5,862
Expenses	**(5,231)**	(8,273)
Gain on deconsolidation	**2,712**	–
Loss before taxation	**(968)**	(2,411)
Taxation	**28**	285
Loss from discontinued operations, net of tax	**(940)**	(2,126)
Foreign exchange translation gains/(losses) from discontinued operations	**29**	(100)
Basic and diluted loss per share, from discontinued operations	**HK$(0.33)**	HK$(0.75)

The comparative consolidated statement of profit or loss and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from continuing operations.

1.4. Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS, as well as the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("HKCO") and the applicable disclosure provision of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited.

1.5. Historical cost convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for the following:

- certain financial assets, and
- defined benefit pension plans – plan assets measured at fair value.

1. BASIS OF THE PREPARATION (CONTINUED)

1.6. Amended standards and interpretations adopted by the Group

During the Year, the Group has adopted the following amendments to accounting standards effective for the Group's reporting period beginning on 1 January 2024:

Adopted	Effective date	New standards or amendments
Amendments to IFRS 16	1 January 2024	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	1 January 2024	Non-Current Liabilities with Covenants
Amendments to IAS 1	1 January 2024	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	1 January 2024	Supplier Finance Arrangements

These amendments listed above did not result in any material impact on the Group's consolidated financial statements.

1.7. New and amendments to standards not yet adopted by the Group

Not early adopted	Effective for accounting periods beginning on or after	New standards or amendments
Amendments to IFRS 10 and IAS 28	A date to be determined by IASB	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 21	1 January 2025	Lack of Exchangeability
Amendments to IFRS 9 and IFRS 7	1 January 2026	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	1 January 2026	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7
IFRS 18	1 January 2027	Presentation and Disclosure in Financial Statements
IFRS 19	1 January 2027	Subsidiaries without Public Accountability: Disclosures

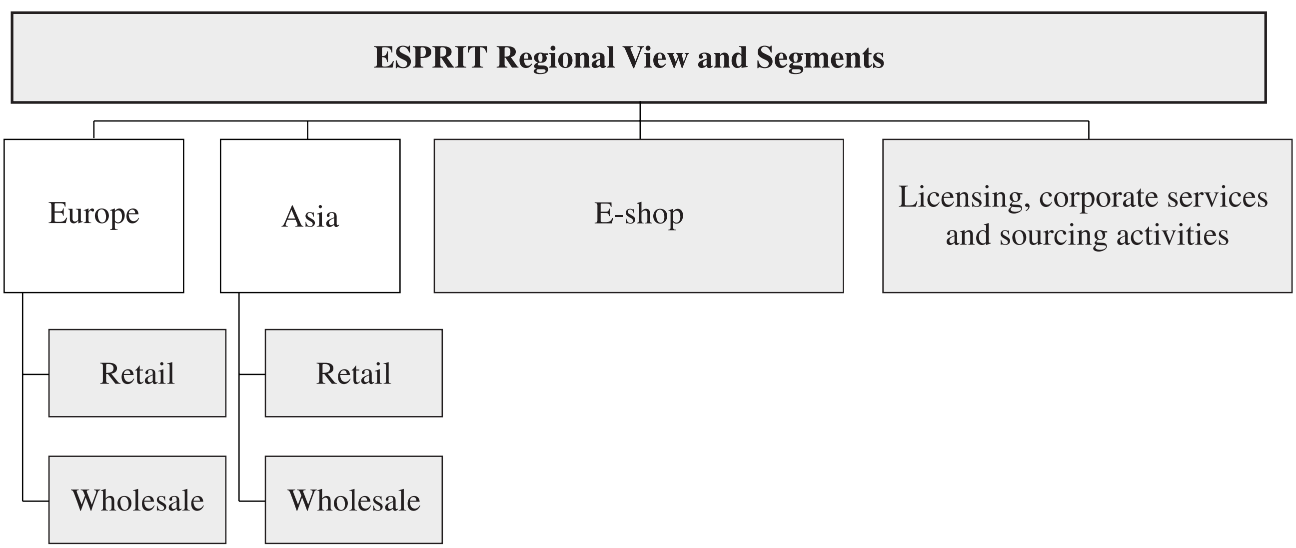
These standards and amendments listed above have been published that are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. Except for IFRS 18, these standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

The Group was principally engaged in retail and wholesale distribution and licensing business of quality fashion and non-apparel products designed under its own internationally-known ESPRIT brand name in Europe, Asia, North America and via E-shop platforms. Despite ceasing most of its retail, wholesale, and E-shop operations due to the Insolvency Proceedings, the Company remains committed to preserving the global presence of the Esprit brand and will continue its efforts to maintain and enhance its brand equity. With the exit from its legacy business model and infrastructure, which incurred significant capital expenditures associated with sourcing, distribution and retail operations, the Company is now well-positioned to transition into towards an asset-light, licensing-focused business model.

The Group has identified segments for internal and external reporting based on the regional structure of the Group and on the basis of the sales channel from both continuing and discontinued operations. Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for assessing performance and allocating resources for the reporting segments has been identified as the Executive Directors of the Company.

The operating segments for continuing operations and discontinued operations are on a regional level in Europe, Asia as well as E-shop and licensing, corporate services and sourcing activities on a global level. As at 31 December 2024, the retail, wholesale and E-shop operations in Europe, the United States and Hong Kong had ceased, thus were classified as discontinued operations, and no longer included in the note for segment information. Operating segment for Europe has included North America. The regions have been separated into retail and wholesale channel.



Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to third parties.

2. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2024

	Europe[1] HK$ million	Asia HK$ million	E-shop HK$ million	Licensing, corporate services, sourcing and others HK$ million	Continuing operations sub-total HK$ million	Discontinued operations HK$ million	Group HK$ million
Total revenue							
Retail	–	–	–	–	–	386	386
Wholesale	–	–	–	–	–	557	557
E-shop	–	–	–	–	–	584	584
Licensing and others[2]	–	–	–	45	45	718	763
Total	–	–	–	45	45	2,245	2,290
Inter-segment revenue	–	–	–	(3)	(3)	(694)	(697)
Revenue from external customers							
Retail	–	–	–	–	–	386	386
Wholesale	–	–	–	–	–	557	557
E-shop	–	–	–	–	–	584	584
Licensing and others	–	–	–	42	42	24	66
Total	–	–	–	42	42	1,551	1,593
Operating (loss)/profit							
Retail	–	–	–	–	–	(546)	(546)
Wholesale	–	–	–	–	–	(34)	(34)
E-shop	–	–	–	–	–	(54)	(54)
Licensing and others	(19)	3	–	(272)	(288)	(310)	(598)
Total	(19)	3	–	(272)	(288)	(944)	(1,232)
Interest income					1	–	1
Finance costs					(3)	(24)	(27)
Loss before taxation					(290)	(968)	(1,258)

[1] Figures for North America have not been separated out due to the region's limited financial contribution to the Group.

[2] Mainly represent licensing business.

2. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2024 (Continued)

	Europe[1] *HK$ million*	Asia *HK$ million*	E-shop *HK$ million*	Licensing, corporate services, sourcing and others *HK$ million*	Continuing operations sub-total *HK$ million*	Discontinued operations *HK$ million*	Group *HK$ million*
Depreciation[2]							
Retail	–	–	–	–	–	(83)	(83)
Wholesale	–	–	–	–	–	(14)	(14)
E-shop	–	–	–	–	–	(20)	(20)
Licensing and others	(2)	–	–	(7)	(9)	(80)	(89)
Total	(2)	–	–	(7)	(9)	(197)	(206)
Impairment loss[3]							
Retail	–	–	–	–	–	(309)	(309)
Licensing and others	(15)	–	–	(104)	(119)	(1,716)	(1,835)
Total	(15)	–	–	(104)	(119)	(2,025)	(2,144)
Amortisation of intangible assets							
E-shop	–	–	–	–	–	(4)	(4)
Licensing and others	–	–	–	–	–	(2)	(2)
Total	–	–	–	–	–	(6)	(6)
Capital expenditure[4]							
Retail	–	–	–	–	–	(2)	(2)
E-shop	–	–	–	–	–	(3)	(3)
Licensing and others	–	–	–	(3)	(3)	–	(3)
Total	–	–	–	(3)	(3)	(5)	(8)

1 Figures for North America have not been separated out due to the region's limited financial contribution to the Group.
2 Depreciation includes depreciation of property, plant and equipment and right-of-use assets.
3 Impairment loss relates to impairment loss on trademarks, property, plant and equipment and right-of-use assets.
4 Capital expenditure includes property, plant and equipment and intangible assets.

2. **SEGMENT INFORMATION (CONTINUED)**

For the year ended 31 December 2023 (restated)

	Europe[1] *HK$ million*	Asia *HK$ million*	E-shop *HK$ million*	Licensing, corporate services, sourcing and others *HK$ million*	Continuing operations sub-total *HK$ million*	Discontinued operations *HK$ million*	Group *HK$ million*
Total revenue							
Retail	–	1	–	–	1	1,500	1,501
Wholesale	–	–	–	–	–	2,102	2,102
E-shop	–	–	–	–	–	2,184	2,184
Licensing and others[2]	–	–	–	52	52	3,002	3,054
Total	–	1	–	52	53	8,788	8,841
Inter-segment revenue	–	–	–	(3)	(3)	(2,926)	(2,929)
Revenue from external customers							
Retail	–	1	–	–	1	1,500	1,501
Wholesale	–	–	–	–	–	2,102	2,102
E-shop	–	–	–	–	–	2,184	2,184
Licensing and others	–	–	–	49	49	76	125
Total	–	1	–	49	50	5,862	5,912
Operating (loss)/profit							
Retail	(2)	(30)	–	–	(32)	(1,001)	(1,033)
Wholesale	–	4	–	–	4	81	85
E-shop	–	–	(4)	–	(4)	(193)	(197)
Licensing and others	–	–	–	(149)	(149)	(1,253)	(1,402)
Total	(2)	(26)	(4)	(149)	(181)	(2,366)	(2,547)
Share of losses from a joint venture					(4)	–	(4)
Interest income					13	1	14
Finance costs					–	(46)	(46)
Loss before taxation					(172)	(2,411)	(2,583)

1 Figures for North America have not been separated out due to the region's limited financial contribution to the Group.

2 Mainly represent licensing business.

2. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2023 (restated) (Continued)

	Europe[1] HK$ million	Asia HK$ million	E-shop HK$ million	Licensing, corporate services, sourcing and others HK$ million	Continuing operations sub-total HK$ million	Discontinued operations HK$ million	Group HK$ million
Depreciation[2]							
Retail	(1)	(7)	–	–	(8)	(378)	(386)
Wholesale	–	–	–	–	–	(31)	(31)
E-shop	–	–	–	–	–	(54)	(54)
Licensing and others	–	–	–	(6)	(6)	(189)	(195)
Total	(1)	(7)	–	(6)	(14)	(652)	(666)
Impairment loss[3]							
Retail	–	–	–	–	–	(359)	(359)
Licensing and others	–	–	–	(1)	(1)	(456)	(457)
Total	–	–	–	(1)	(1)	(815)	(816)
Amortisation of intangible assets							
Wholesale	–	–	–	–	–	(17)	(17)
E-shop	–	–	–	–	–	(10)	(10)
Licensing and others	–	–	–	–	–	(4)	(4)
Total	–	–	–	–	–	(31)	(31)
Capital expenditure[4]							
Retail	–	–	–	–	–	(15)	(15)
Wholesale	–	–	–	–	–	(31)	(31)
E-shop	–	–	–	–	–	(23)	(23)
Licensing and others	–	–	–	(3)	(3)	(31)	(34)
Total	–	–	–	(3)	(3)	(100)	(103)

1 Figures for North America have not been separated out due to the region's limited financial contribution to the Group.
2 Depreciation includes depreciation of property, plant and equipment and right-of-use assets.
3 Impairment loss relates to impairment loss on trademarks, goodwill, property, plant and equipment and right-of-use assets.
4 Capital expenditure includes property, plant and equipment, intangible assets and investment in a joint venture.

2. SEGMENT INFORMATION (CONTINUED)

Non-current assets other than deferred tax assets, interest in a joint venture and financial instruments are located in the following countries or regions:

HK$ million	**As at 31 December 2024**	As at 31 December 2023 (restated)
Hong Kong	**3**	31
Germany	**–**	703
Other countries[1]	**268**	2,019
Total	**271**	2,753

[1] Non-current assets located in other countries include intangible assets of HK$268 million (31 December 2023: HK$1,296 million). Other countries mainly include China and the United States (31 December 2023: China, the United States, France, Switzerland, the United Kingdom, Austria and Benelux).

3. REVENUE

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Retail and Wholesale		
Europe	**935**	3,597
Asia	**8**	6
E-shop	**584**	2,184
Licensing and others	**66**	125
Revenue from external customers total	**1,593**	5,912
– from continuing operations	**42**	50
– from discontinued operations	**1,551**	5,862

Revenue from external customers is attributed to the following countries or regions based on the location in which the sales originated:

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Retail and Wholesale		
Germany	**452**	1,832
Benelux	**146**	497
Switzerland	**69**	319
France	**67**	259
Austria	**65**	250
Spain	**38**	134
Finland	**28**	102
Italy	**26**	81
Sweden	**14**	47
Poland	**7**	37
United Kingdom	**4**	17
Denmark	**5**	14
Others (Note)	**14**	8
Europe total	**935**	3,597
Hong Kong and South Korea	**8**	6
Asia total	**8**	6
Retail and Wholesale total	**943**	3,603

Note: Others under Europe include revenue from other countries mainly the United States.

3. REVENUE (CONTINUED)

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
E-shop		
Germany	**308**	1,177
Benelux	**86**	309
France	**37**	115
Switzerland	**55**	206
Austria	**32**	146
Denmark	**8**	26
United Kingdom	**6**	26
Poland	**16**	58
Sweden	**7**	22
Czech Republic	**7**	28
Finland	**5**	17
Spain	**4**	15
Italy	**5**	14
Others	**8**	25
E-shop total	**584**	2,184
Licensing and others		
Germany	**16**	65
Others	**50**	60
Licensing and others total	**66**	125
Revenue from external customers total	**1,593**	5,912
– from continuing operations	**42**	50
Hong Kong	**5**	4
United States	**2**	7
Others	**35**	39
– from discontinued operations	**1,551**	5,862

4. OPERATING LOSS

This is stated after charging and (crediting) the following:

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Continuing operations		
Staff costs	**102**	147
Occupancy costs	**2**	4
Logistics expenses	**1**	3
Marketing and advertising expenses	**–**	8
Depreciation of property, plant and equipment	**1**	4
Depreciation of right-of-use assets	**8**	10
Impairment loss on property, plant and equipment	**1**	1
Impairment loss on right-of-use assets	**28**	–
Impairment loss on trademarks	**90**	–
Provision for impairment of trade debtors, net	**5**	–
Provision for impairment of loan to a joint venture	**23**	–
Information technology expenses	**8**	5
Net foreign exchange translation losses/(gains)	**117**	(20)
Legal and professional fees	**32**	8
Insurance	**3**	3
Travelling-related expenses	**4**	17
Gain on disposal of property, plant and equipment	**(1)**	–
Loss on the change of fair value of financial assets	**2**	–
Claims received	**(129)**	–
Auditor's remuneration	**5**	18

5. INTEREST INCOME

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Continuing operations		
Interest income from bank deposits	**1**	13
Total interest income from continuing operations	**1**	13
Total interest income from discontinued operations	**–**	1

6. FINANCE COSTS

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Continuing operations		
Interest on lease liabilities	**1**	–
Interest on borrowings	**2**	–
Total finance costs from continuing operations	**3**	–
Total finance costs from discontinued operations	**24**	46

7. TAXATION

Amount recognized in the consolidated statement of profit or loss:

HK$ million	**For the year ended 31 December 2024**	For the year ended 31 December 2023 (restated)
Continuing operations		
Current tax		
Overseas tax		
Provision for the current year	**–**	–
Under-provision in prior years	**1**	–
	1	–
Deferred tax		
Other origination and temporary differences	**(4)**	41
Total tax (credit)/expense from continuing operations	**(3)**	41
Total tax credit from discontinued operations	**(28)**	(285)

For the year ended 31 December 2024, Hong Kong profits tax is calculated at 16.5% (for the year ended 31 December 2023: 16.5%) on the estimated assessable profit for the year, net of tax losses carried forward, if applicable. The deferred tax credit mainly relates to the reversal of temporary differences, including the deconsolidation of subsidiaries under insolvency proceedings.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the year ended 31 December 2024 at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

8. INTANGIBLE ASSETS

Movements in intangible assets are as follows:

HK$ million	**As at 31 December 2024**	As at 31 December 2023
Balance at beginning of year	**1,296**	1,595
Foreign exchange translation	**(35)**	63
Reclassified from property, plant and equipment	**–**	77
Additions	**3**	49
Amortization charge on software and customer relationships from discontinued operations	**(6)**	(31)
Impairment loss on trademarks from continuing operations	**(90)**	–
Impairment loss on trademarks from discontinued operations	**(751)**	(396)
Impairment loss on goodwill from discontinued operations	**–**	(61)
Deconsolidation of subsidiaries	**(149)**	–
Balance at end of year	**268**	1,296

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Non-current

Non-current debtors and deposits consist of the following financial and non-financial positions:

HK$ million	**As at 31 December 2024**	As at 31 December 2023
Deposits	**1**	340
Other debtors and receivables	**–**	4
Total	**1**	344

As at 31 December 2023, deposits mainly include underlying cash for rent guarantees which has been pledged as collateral for drawn credit facilities. These deposits were restricted in use and recoverable upon expiry of the underlying guarantee obligations. These deposits were deconsolidated in 2024 following the deconsolidation of subsidiaries.

9. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Current

Current debtors, deposits and prepayments consist of the following financial and non-financial positions:

HK$ million	**As at 31 December 2024**	As at 31 December 2023
Trade debtors	**15**	645
less: provision for impairment of trade debtors	**(14)**	(129)
Net trade debtors	**1**	516
Deposits	**5**	37
Prepayments	**22**	106
Right-of-return assets	**–**	71
Other debtors and receivables	**6**	102
Total	**34**	832

The aging analysis by invoice date of trade debtors net of provision for impairment are as follows:

HK$ million	**As at 31 December 2024**	As at 31 December 2023
0-30 days	**1**	278
31-60 days	**–**	119
61-90 days	**–**	53
Over 90 days	**–**	66
Total	**1**	516

The Group's sales to retail customers are made in cash, bank transfer or by credit card. The Group also grants credit period, which is usually 30 to 60 days to certain wholesale and franchise customers.

10. CREDITORS AND ACCRUED CHARGES

HK$ million	**As at 31 December 2024**	As at 31 December 2023
Trade creditors	**8**	374
Accruals	**30**	474
Return liabilities	**–**	168
Other creditors and payables	**28**	291
Total	**66**	1,307

10. CREDITORS AND ACCRUED CHARGES (CONTINUED)

The aging analysis by invoice date of trade creditors is as follows:

HK$ million	**As at 31 December 2024**	As at 31 December 2023
0-30 days	**–**	249
31-60 days	**1**	84
61-90 days	**–**	18
Over 90 days	**7**	23
Total	**8**	374

The carrying amounts of creditors and accrued charges approximate their fair values.

11. SHARE CAPITAL

	Number of shares of HK$0.10 each million	**HK$ million**
Authorized:		
At 1 January 2024 and 31 December 2024	**30,000**	**3,000**
At 1 January 2023 and 31 December 2023	30,000	3,000

	Number of shares of HK$0.10 each million	**Nominal value HK$ million**
Issued and fully paid:		
At 1 January 2024 and 31 December 2024	**2,831**	**283**
At 1 January 2023 and 31 December 2023	2,831	283

The following transactions occurred in relation to the share capital of the Company:

(a) Share options

The Company adopted a share option scheme on 10 December 2009 (the "2009 Share Option Scheme"). The 2009 Share Option Scheme was terminated on 5 December 2018, notwithstanding that the share options which have been granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules.

The Company adopted a new share option scheme on 5 December 2018 (the "2018 Share Option Scheme"). The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021, the details of which were disclosed in the circular of the Company dated 15 June 2021. During the year ended 31 December 2024, no share options were granted. As at 31 December 2024, the number of share options available for grant under the 2018 Share Option Scheme mandate is 283,081,734.

11. SHARE CAPITAL (CONTINUED)

(b) Awarded shares

The Company has adopted a share award scheme on 6 July 2021 (the "Share Award Scheme"). The purpose of the Share Award Scheme is to recognize the contributions by certain eligible participants (including any employee, consultant, executive or officers, directors and senior management of any member of the Group), and to provide them incentives; and to attract suitable personnel with relevant experience in the Group's business. The details of the Share Award Scheme were disclosed in the circular of the Company dated 15 June 2021.

As no approval for refreshment of annual limit under the Share Award Scheme was sought at the annual general meeting of the Company held on 19 June 2023, no share awards were available for grant thereafter and as at 31 December 2024. During the year ended 31 December 2024, there was no movement for the Share Award Scheme. There was no outstanding awarded shares under the Share Award Scheme as at 31 December 2024.

12. LOSS PER SHARE

12.1. Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Loss attributable to shareholders of the Company (HK$ million)	**(1,227)**	(2,339)
Weighted average number of ordinary shares in issue (million)	**2,831**	2,831
Basic loss per share (HK$ per share)	**(0.43)**	(0.83)
– from continuing operations (HK$ per share)	**(0.10)**	(0.08)
– from discontinued operations (HK$ per share)	**(0.33)**	(0.75)

12. LOSS PER SHARE (CONTINUED)

12.2. Diluted

Diluted loss per share is calculated based on dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year adjusted by the dilutive effect of share options.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Loss attributable to shareholders of the Company (HK$ million)	**(1,227)**	(2,339)
Weighted average number of ordinary shares in issue (million)	**2,831**	2,831
Adjustments for share options (million)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share (million)	**2,831**	2,831
Diluted loss per share (HK$ per share)	**(0.43)**	(0.83)
– from continuing operations (HK$ per share)	**(0.10)**	(0.08)
– from discontinued operations (HK$ per share)	**(0.33)**	(0.75)

Diluted loss per share for the year ended 31 December 2024 and year ended 31 December 2023 was the same as the basic loss per share since the share options had anti-dilutive effect.

13. DIVIDEND

The Board did not declare and recommend the distribution of any dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Year presented severe challenges that required the Company to make difficult strategic decision while navigating a rapidly evolving and adverse business environment, particularly in Europe. In recent years, especially due to the geopolitical conflicts in Ukraine, high energy costs, and the aftermath of the coronavirus pandemic, the Group's performance has been significantly impacted by an unfavourable macroeconomic environment in Europe, which is the Group's primarily market. Key factors contributing to this disappointing performance included ongoing structural issues that hindered the Group's ability to reduce operating expenses, alongside the short-term adverse effects of the Group's restructuring initiatives designed to secure a more promising future for the Company.

The Group recorded a loss attributable to the shareholders of the Company (the "Shareholders") in seven out of the last ten financial years, with revenue continuously declining from HK$17,788 million for the financial year ended 30 June 2016 to HK$1,593 million for the Year from both continuing and discontinued operations. The Group's European subsidiaries, particularly those in Germany, have encountered exceptionally high operating costs due to inflation, rising interest rates, and escalating energy prices and these are further exacerbated by the lingering effects of the coronavirus pandemic and on-going geopolitical conflicts in Ukraine. These challenges have detrimentally weakened the financial health of the Group's European subsidiaries, compounded by legacy costs such as high rents for long-term leases on inappropriate sized retail spaces, excessive labour costs associated with an oversized workforce, costs stemming from outdated and ineffective IT structures, and an overcapacity logistics framework. All together, these issues have rendered the existing business model financially unsound and unsustainable, resulting in contracting, constrained and inadequate liquidity for the European operations. The Company had extended significant financial support to sustain operations of these European subsidiaries over the last several years, however, despite these efforts, there remained limited potential for future performance improvement in Europe, and had undermined the overall financial health and stability of the business of the Company. These factors imperatively forced the Company to make difficult decisions.

It was disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024, and 27 June 2024, that two subsidiaries in Switzerland, one in Belgium, seven in Germany, and one in Denmark filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts (collectively "EU Insolvency Proceedings"). Furthermore, in the latter half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024, and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors' voluntary liquidation, and filed for bankruptcy with the relevant competent courts (together with the "EU Insolvency Proceedings", the "Insolvency Proceedings").

The Insolvency Proceedings of the European subsidiaries significantly impacted the Group's performance, necessitating deconsolidation and a comprehensive reassessment of the Group's operational model moving forward. While these events adversely affected the Company's reported figures, they also facilitated a strategic transition towards an asset-light, licensing-focused business model aimed at ensuring the long-term health, sustainability and profitability of the Company. For the Year, the Group recorded a net loss attributable to the shareholders of HK$1,227 million, compared to a net loss of HK$2,339 million for the Corresponding Year.

The Group's revenue from both continuing and discontinued operations decreased by 73% to HK$1,593 million for the Year (as shown in note 3 to the consolidated financial statements), resulting in a gross profit decrease of 76% to HK$598 million. The Group's restructuring contributed to a reduction of losses, primarily resulting from a one-off gain on deconsolidation of HK$2,712 million and a reduction in operating costs of HK$2,195 million for both continuing and discontinued operations. However, the reduction of losses was partially offset by:

(i) impairment losses related to trademarks, right-of-use assets, property, plant, and equipment, totaling to HK$2,144 million, comprising HK$119 million from continuing operations and HK$2,025 million from discontinued operations, and

(ii) provision for inventories, provision for impairment of trade debtors and provision for impairment of loan to a joint venture totaling to HK$1,304 million, comprising HK$28 million from continuing operations and HK$1,276 million from discontinued operations.

Despite ceasing most of its retail, wholesale, and E-commerce operations due to the Insolvency Proceedings, the Company remains committed to preserving the global presence of the Esprit brand. It will continue efforts to maintain and enhance its brand equity, recognized as its most valuable asset. The decision to pivot to a more capital efficient, licensing-focused business model was necessary in light of the substantial capital investment required to sustain operations in Europe under the traditional retail model. This strategic transition allows the Company to apply its funding more effectively, eliminating the need to maintain inventory and significantly reducing costs associated with warehousing, production, and unsold stock.

By shedding its high cost, legacy infrastructure, the Company is well-positioned for this new direction. The Company retains Esprit trademarks for all regions outside of Europe, providing a strong foundation for developing and expanding its licensing activities by allowing trademark holders within the Group to grant licenses to third parties, enabling them to use the brand and intellectual property in exchange for royalty payments.

As outlined in the "Outlook" section of the 2024 Interim Report, the licensing model offers key advantages, particular in terms of capital efficiency and scalability compared to traditional retail model. By collaborating with licensing partners, the Company avoids heavy capital investments in manufacturing, distribution, and retail infrastructure, ensuring more predictable royalty income and reducing operational complexities. Additionally, licensing partners are responsible for essential investments, including personnel hiring and working capital, allowing the Company to expand without proportional increases in operating costs. This model enhances efficiency while generating stable, royalty-driven revenue.

This strategy emphasizes partnerships with licensing partners that possess strong market presence and expertise in their territories or specific product categories. Licensing partners will tailor their strategies and product offerings to suit local preferences, resulting in collections that align closely with regional demand. Notably, as all products are independently designed, developed, sourced, and distributed by the licensing partners, the operational risks associated with these activities are solely borne by them. Consequently, overseeing and managing these licensing partners becomes a critical priority for the Company.

To successfully achieve this transition, the Company is placing a strong emphasis on geographic expansion into countries and regions with large domestic consumer markets to maximize growth potential and scalability, such as the Greater China region and North America. These markets offer significant opportunities for rapid scaling due to mature retail landscapes, strong consumer demand, and integrated supply chains. As of the date of this announcement, the Company has established partnership for the Greater China region and North America. These recent partnerships enable the Company to leverage licensing partners' valuable local market knowledge, along with their expertise in E-commerce, the established infrastructure and distribution networks. Additionally, broadening products categories beyond the Company's historical focus on clothing into a diverse range of products is a key strategic initiative aimed at unlocking new revenue streams.

In addition to the Greater China region and North America, the Company is in the process of finalizing the renewal of a current license with an existing licensee covering Latin America. The Company is also actively engaging with additional potential strategic partners to explore licensing opportunities for Esprit's trademarks across various geographic locations and products categories.

In selecting strategic partners, the Company follows a rigorous vetting process based on several key factors, including but not limited to the brand alignment, supply chain capabilities, market expertise, and distribution strength. Furthermore, the Company seeks partners with extensive relationships in local markets and the ability to drive efficient product expansion. By carefully selecting suitable partners and leveraging the advantages of the licensing model, the Company aims to maximize sustainable monetization of Esprit's global brand. Through this focused licensing strategy, the Company aims to optimize brand equity while ensuring sustainable growth across multiple major geographies and product categories.

FINANCIAL REVIEW

The following financial reviews may include figures that combine both continuing and discontinued operations for analytical purposes, as specifically indicated. These figures provide a clearer understanding of the Group's overall financial performance during the Year by reflecting both operating and discontinued activities, with discontinued operations constituting a significant part of the Group's business for the Year. These figures should be viewed as supplementary to, and not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS.

Revenue Analysis

The Group recorded total revenue of HK$1,593 million from both continuing and discontinued operations for the Year (as shown in note 3 to the consolidated financial statements), compared to total revenue of HK$5,912 million in the Corresponding Year, representing a decrease of 73%. This decline was primarily attributed to the Insolvency Proceedings initiated by the German subsidiaries in middle of May 2024. Revenue from Germany contributed 49% of the Group's total revenue from both continuing and discontinued operations for the Year, down from 52% in the Corresponding Year. The initiation of the Insolvency Proceedings by the German subsidiaries in middle of May 2024 led to a shortened operational period of 4.5 months for the Year, compared to the full 12 months in the Corresponding Year. Additionally, the deconsolidation of the other European subsidiaries, which has been undergoing the Insolvency Proceedings since March 2024, further impacted the operational period for the Year.

In the past, the Group has been engaged in retail (including E-commerce), wholesale distribution, and licensing of fashion and non-apparel products under its internationally renowned Esprit brand. The Group operated across Europe, Asia, and America through four main channels: E-commerce, wholesale, owned retail stores, and licensing. During the Year, these channels accounted for the Group's revenue from both continuing and discontinued operations in the approximate ratio of 37:35:24:4, respectively.

The Group has also encountered a decline in performance across all channels, including both continuing and discontinued operations, due to a challenging business environment characterized by elevated inflation, rising interest rates, and increasing energy prices. This situation has been further exacerbated by the lingering effects of the coronavirus pandemic and ongoing geopolitical conflicts in Ukraine, which significantly impacted customer behaviour and spending appetite. Revenue from E-commerce reduced by 73%, wholesale dropped by 74%, and owned retail stores decreased by 74%. Licensing and others recorded a decline at a lesser percentage of 47%.

For continuing operations, revenue of HK$42 million was mainly generated from the licensing business, compared to HK$50 million for the Corresponding Year. This decrease was primarily attributed to the licensing income from European subsidiaries, which have been deconsolidated from the Group. As previously noted, the Group is transitioning from its legacy business model and infrastructure, which required substantial capital expenditures, to a more capital-efficient, licensing-focused model. By retaining the Esprit trademarks for all regions outside of Europe, the Group establishes a strong foundation for the development and expansion of its licensing business.

Gross Profit Margin

During the Year, gross profit margin, including both continuing and discontinued operations, was 37.5%, which is 4.8% points lower compared to the gross profit margin of 42.3% during the Corresponding Year. The key factor was the deeper sales discount offered under the sluggish market environment.

Operating Expenses

Operating expenses for the Year totalled HK$1,830 million, comprising HK$329 million from continuing operations and HK$1,501 million from discontinued operations, representing a 64% decrease compared to the operating expenses of HK$5,047 million in the Corresponding Year. This reduction was primarily due to the shorter operational period mentioned previously, as opposed to the full 12 months in the Corresponding Year.

In addition to the deconsolidation factor, marketing and advertising expenses experienced a significant decline compared to the Corresponding Year, primarily due to a strategic shift in brand marketing focus and the implementation of cost-saving measures. In the Corresponding Year, the Group made substantial investments in brand elevation and repositioning within the competitive fashion industry. Marketing and advertising expenses from both continuing and discontinued operations decreased from HK$596 million for the Corresponding Year to HK$72 million for the Year, comprising HK$0 million from continuing operations and HK$72 million from discontinued operations, reflecting an 88% reduction. Furthermore, logistics expenses were notably reduced due to the cost-saving measures implemented. Logistics expenses from continuing and discontinued operations decreased from HK$469 million for the Corresponding Year to HK$165 million, comprising HK$1 million from continuing operations and HK$164 million from discontinued operations for the Year, reflecting a 65% reduction.

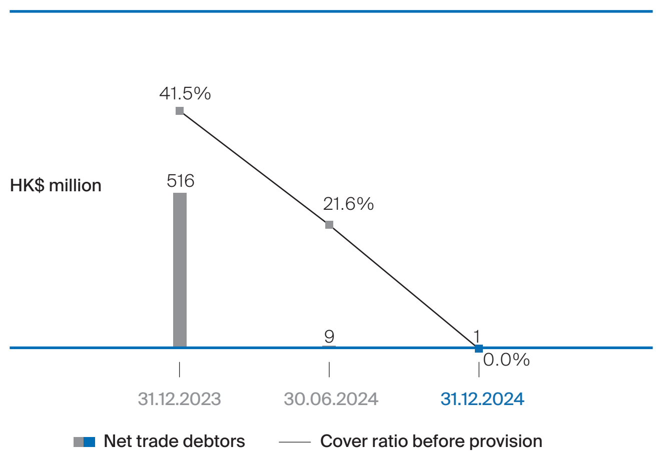
Following the deconsolidation of loss-making subsidiaries that hindered the Group's ability to reduce operating expenses, operating expenses have been significantly decreased. This includes staff costs from continuing operations decreased from HK$147 million in the Corresponding Year to HK$102 million for the Year, reflecting a 31% reduction. This reduction in operating expenses has facilitated a strategic shift toward an asset-light, licensing-focused business model, aimed at ensuring the long-term health, sustainability and profitability of the Esprit brand.

WORKING CAPITAL MANAGEMENT

Inventories

The inventory balance as at 31 December 2024 was nil (31 December 2023: HK$1,301 million). The value of inventories decreased by 100%, primarily due to the majority of goods being stored in the Group's European and U.S. subsidiaries, which were deconsolidated from the Group.

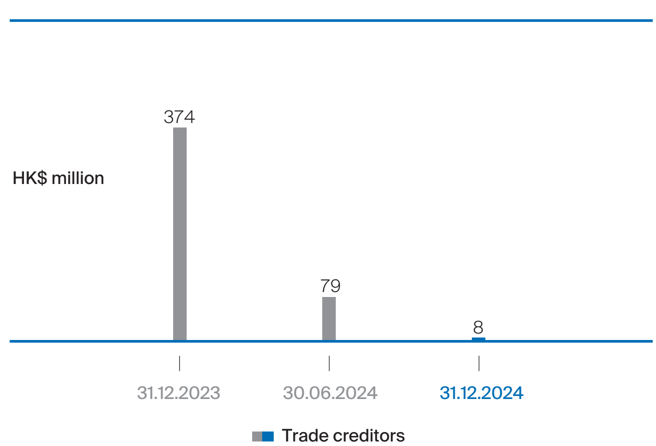
Net Trade Debtors



As at 31 December 2024, net trade debtors totalled HK$1 million (31 December 2023: HK$516 million), representing a decrease of almost 100%. This decrease is primarily attributed to the majority of trade debtors being recorded under the European subsidiaries, which were deconsolidated from the Group.

Trade Creditors

As at 31 December 2024, trade creditors amounted to HK$8 million (31 December 2023: HK$374 million), representing a decrease of 98%. This decrease is primarily due to trade creditors being recorded under the European subsidiaries, which were deconsolidated from the Group.



LIQUIDITY AND FINANCIAL RESOURCES ANALYSIS

Net Cash

As at 31 December 2024, total recorded cash, bank balances, and deposits amounted to HK$79 million (31 December 2023: HK$435 million), representing a net cash decrease of HK$356 million. The cash position was primarily impacted by the following factors (cash movements included those from deconsolidated subsidiaries prior to their respective deconsolidation):

1) the operating performance of the business (including both continuing and discontinued business) generated a net cash inflow of HK$98 million, excluding payment of interest on lease liabilities and tax;

2) net interest-bearing external borrowings amounted to HK$109 million;

3) the deconsolidation of subsidiaries resulted in a cash outflow of HK$332 million;

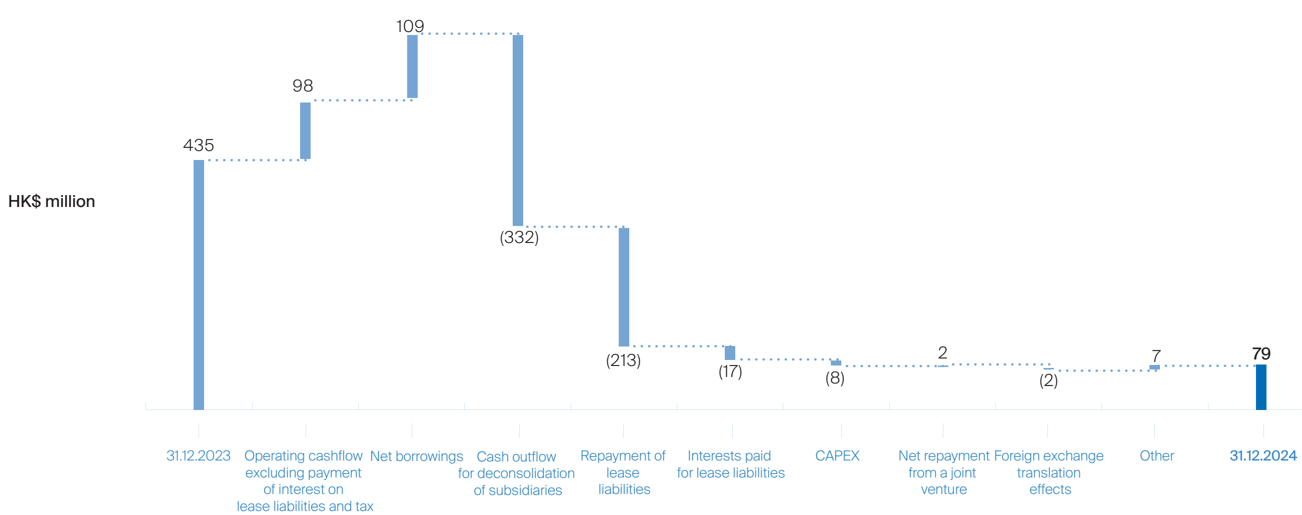
4) the repayment of lease liabilities of HK$213 million and interest paid for lease liabilities of HK$17 million resulted in a total cash outflow of HK$230 million;

5) a further decrease in the cash position resulted from capital expenditures (the "CAPEX") of HK$8 million;

6) net repayment from a joint venture amounted to a cash inflow of HK$2 million; and

7) foreign exchange translation effects led to a cash outflow of HK$2 million.

Cash Flow Bridge for the Year Ended 31 December 2024



Total Interest-Bearing External Borrowings and Gearing Ratio

As at 31 December 2024, the Group had interest-bearing external borrowings of HK$109 million (31 December 2023: nil). Consequently, the Group's gearing ratio as at 31 December 2024 (defined as the percentage of total interest-bearing external borrowings to total assets) was 26% (31 December 2023: zero). The increase in the gearing ratio was primarily due to the Group's initiation of external borrowings during the Year, resulting in an increase in net debt. Furthermore, the directors of the Company (the "Directors") continue to explore opportunities to expand the capital base through additional fundraising efforts aimed at supporting growth and financing future initiatives.

Capital structure

During the Year, the Company did not conduct any equity fund raising activities. As at 31 December 2024, the total number of issued shares of the Company was 2,830,817,343 shares, each with a par value of HK$0.1. The Group's its working capital requirements and capital expenditure were primarily funded from cash on hand, internally-generated funds, and long-term borrowings.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange ("FX") risk arising from various currency exposures, primarily with respect to the Euro dollar, Renminbi ("RMB") and U.S. dollar. FX risk dominantly arises from future commercial transactions and to a lesser extent from recognized monetary assets and liabilities that are denominated in currencies that are not the functional currencies of the Group's entities.

To manage the FX risk arising from future commercial transactions, the Group had previously entered into forward FX contracts with reputable financial institutions to hedge such risks. However, since no forward FX contracts were entered into during the Year, currency fluctuations may impact the Group's margins and profitability. The Group has been continuously preparing for the resumption of hedging activities. Due to high volatility and significant movements in the foreign exchange markets caused by geopolitical events, a decision was made not to initiate hedging programs. The Directors will continue to monitor the foreign exchange exposure and will consider appropriate actions to mitigate such risk, as necessary, in alignment with the strategic pivot towards an asset-light, licensing-focused business model.

Treasury Policy

The Group adopts a prudent funding and treasury policy in cash and financial management to ensure financial stability and liquidity. Cash is generally placed in short-term deposits with reputable banks, predominantly in Hong Kong dollars and U.S. dollars. The Group also continuously reviews and updates funding strategies to align with its evolving business needs.

Significant Investment and Material Acquisitions and Disposals

As disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024 and 27 June 2024, two subsidiaries in Switzerland, one in Belgium, seven in Germany, and one in Denmark, initiated Insolvency Proceedings at the competent courts respectively.

Moreover, in the second half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024 and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States initiated Insolvency Proceedings at the competent courts respectively.

Save for those disclosed elsewhere in this announcement, there were no other significant investments or material acquisitions or disposals of subsidiaries during the Year (for the year ended 31 December 2023: Nil).

Capital commitments

As at 31 December 2024, the Group did not have significant capital commitments (31 December 2023: HK$15 million).

Charges on Group Assets

As at 31 December 2024, the Group's long-term borrowings were mainly secured by:

(i) All the undertakings, properties and assets of two subsidiaries of the Company. The assets held by these subsidiaries include trademarks of the Group with an aggregate carrying amount of HK$268 million at the group level as of 31 December 2024;

(ii) The shares of a subsidiary of the Company; and

(iii) The loan receivables owing by a joint venture to the Group with the carrying amount of HK$22 million as at 31 December 2024.

As at 31 December 2024, save for those disclosed elsewhere in this announcement, the Company has not charged its assets (31 December 2023: nil).

Contingent liabilities

As at 31 December 2024, the Group was subject to a potential claim arising from the early termination of a lease agreement, where the relevant subsidiary is undergoing insolvency proceedings. Negotiations have taken place but as of the date of this announcement no settlement agreement has been signed. It is anticipated that the potential claim in a settlement scenario would be no more than HK$14 million. The lease deposit provided by the Group to the landlord has already been applied thereby reducing any potential settlement amount.

As at the reporting date, the matter remains under review and is subject to ongoing legal negotiation. No provision has been recognised in the financial statements as the landlord has a duty to take reasonable actions to re-rent the premises to mitigate the compensation amount, and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to monitor the situation and reassess the need for a provision as more information becomes available.

As at 31 December 2024, save for those disclosed elsewhere in this announcement, the Company did not have significant contingent liabilities (31 December 2023: nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed approximately 55 full time equivalent staff ("FTE") (31 December 2023: approximately 2,335 FTE). This reduction was primarily due to the Insolvency Proceedings of the Company's European and U.S. subsidiaries, leading to their deconsolidation and the corresponding decrease in FTE. The Group remains committed to attracting and retaining high-calibre, competent employees by offering competitive remuneration packages. These packages are designed to reflect business performance, align with market practices, and consider prevailing market conditions, ensuring fair compensation for employees' contributions.

DIVIDEND

As the Group recorded a net loss for the Year, the Board has resolved that no final dividend will be declared and paid in respect of the Year. The Board will constantly monitor and review the situation in the coming future.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

Change of Company Secretary and Authorized Representative

Mr. Ngai Wai Kin has resigned as the Company Secretary and an Authorized Representative of the Company with effect from 15 January 2025. Mr. Man Wai Chuen has been appointed as the Company Secretary and an Authorized Representative of the Company with effect from 15 January 2025. For further details, please refer to the announcement of the Company dated 15 January 2025.

Change of Directors of the Company and Composition of the Committee Members of the Board

(i) Mr. YU Chung Leung has been appointed as an Independent Non-executive Director of the Company, Chairman of the Risk Management Committee, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board with effect from 24 January 2025. For further details, please refer to the announcement of the Company dated 24 January 2025.

(ii) Ms. LIU Hang-so has been appointed as Chairman of the Remuneration Committee of the Board with effect from 24 January 2025. For further details, please refer to the announcement of the Company dated 24 January 2025.

(iii) Mr. GILES William Nicholas has resigned as an Independent Non-executive Director of the Company, Chairman of each of the Remuneration Committee and the Risk Management Committee, and a member of each of the Audit Committee and the Nomination Committee of the Board with effect from 24 January 2025. For further details, please refer to the announcement of the Company dated 24 January 2025.

(iv) Ms. LIU Tsui Fong has been appointed as an Independent Non-executive Director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Risk Management Committee of the Board with effect from the close of business on 28 February 2025. For further details, please refer to the announcement of the Company dated 28 February 2025.

(v) Mr. STRIPPOLI Anthony Nicola has resigned as an Executive Director of the Company and a member of the General Committee of the Board with effect from the close of business on 28 February 2025, and he remained as the Chief Operating Officer, America until 11 April 2025. For further details, please refer to the announcement of the Company dated 28 February 2025.

(vi) Mr. CHUNG Kwok Pan has resigned as an Independent Non-executive Director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Risk Management Committee of the Board with effect from the close of business on 28 February 2025. For further details, please refer to the announcement of the Company dated 28 February 2025.

(vii) Mr. HA Kee Choy Eugene has resigned as an Independent Non-executive Director of the Company and a member of each of the Audit Committee and the Risk Management Committee of the Board with effect from the close of business on 28 February 2025. For further details, please refer to the announcement of the Company dated 28 February 2025.

Change of auditor of the Company

PricewaterhouseCoopers ("PwC") has resigned as the auditor of the Company with effect from 3 March 2025, as the Company and PwC were unable to reach a consensus on the audit fee for the audit of the consolidated financial statements of the Group for the Year. For more details regarding the change of auditor of the Company, please refer to the announcement of the Company dated 11 March 2025.

With the recommendation from the Audit Committee, it has resolved to appoint Crowe (HK) CPA Limited as the new auditor of the Company with effect from 6 March 2025 to fill the casual vacancy following the resignation of PwC, and to hold office until the conclusion of the next annual general meeting of the Company.

OUTLOOK

With the initiation of the Insolvency Proceedings through the relevant competent courts for its subsidiaries in the United States, Hong Kong and Europe and the discontinuation of its previous operating models focused on asset-heavy retail, wholesale, and E-commerce businesses, the Company has embarked on a strategic transition towards an asset-light, licensing-focused business model. This transition will enable the Company to relieve the substantial burden of significant capital expenditures related to sourcing, distribution, and retail operations, as well as the high costs associated with legacy business infrastructure. Following the deconsolidation of loss-making entities, particularly European subsidiaries which are undergoing Insolvency Proceedings, the Group's financial position has improved markedly. The Company recognizes that the intellectual property associated with Esprit brand is its most valuable asset and is committed to preserving the global presence of the Esprit brand while reviving and further enhancing its brand equity.

Following the conclusion of the settlement agreement and related documents concerning the former German subsidiaries in October 2024, the Company will receive from fasbra SE, being a wholly owned subsidiary of Deichmann SE, 25% of the net income generated by fasbra SE from the Esprit fashion business in Europe (excluding any revenue generated from the footwear business in Europe) for a period of ten (10) financial years. In exchange, all intellectual property rights, together with all attached rights and obligations, certain domain names and certain social media accounts which are necessary to run the Esprit fashion business in Europe and licensing rights relating to footwear for the United States of America has been transferred to fasbra SE. Apart from the aforementioned, the Company retains all Esprit trademarks globally, thus providing a foundation for the development and expansion of its licensing business.

The Company believes it possesses unique advantages that greatly contribute to the success of the licensing and IP management model, including but not limited to:

1) Unique Brand Heritage: Esprit is one of the few remaining American heritage brands dating back to the 80s and 90s. At the time it was founded, ESPRIT captured the spirit of California cool: countercultural, entrepreneurial, energetic, with an undercurrent of activism. Unlike start up brands with no history, Esprit, founded in 1968, can tap into consumers' nostalgia from the 1980s to the 2000s who are expected to have considerable purchasing power, thereby providing a compelling value proposition for licensees; and

2) Global Reach: The iconic Esprit logos are still widely recognized by consumers around the world, boasting a significant presence and reach worldwide. Esprit's mass market positioning allows licensees to leverage multiple channels across the value spectrum to maximize revenue, and in turn, generate more royalty income for the Company.

The Company's strategy, going forward, prioritizes the expansion of licensing operations and a transition to an intellectual property management model. The Company has established partnership for the Greater China region and North America and is actively engaging with additional potential strategic partners to explore licensing opportunities for Esprit's intellectual property across various geographic locations. Furthermore, each geographic region can be segmented by product categories, enabling specialized operators to ensure product quality and efficiency, thereby driving revenue growth in ways that a single, generalized operator may not be able to achieve. By carefully selecting suitable partners and leveraging the advantages of the licensing model, the Company aims to maximize sustainable monetization of Esprit's global brand.

Besides collaborating with carefully selected partners in various key business regions, the Company intends to operate the licensing business through the following key processes to achieve effective operations and optimal performance:

1) Market Research: Conducting extensive market research to understand industry trends, consumer preferences, and competitive landscape in different markets;

2) Brand Stewardship: Acting as the primary custodian of the Esprit brand identity, ensuring consistency across licensed products and regions. Establishing and maintaining brand guidelines that reflect Esprit's heritage, while aligning all brand initiatives with Esprit's values focused on quality, sustainability, and consumer appeal;

3) Licensing and Sub-Agency Management: Negotiating and managing licensing agreements with existing and prospective licensing partners and/or licensees. Identifying and overseeing licensing partners and sub-agencies to optimize market research and revenue. Establishing performance targets for sublicensees to ensure alignment with the Company's strategic objectives and Esprit's brand integrity. Focusing on high-potential categories and foster collaborations that boost brand visibility and consumer loyalty;

4) Product and Innovation Strategy: Collaborating with licensing partners to approve designs, ensure product quality and to maintain and further enhance the brand reputation and brand equity. Concentrating on core categories such as apparel, accessories, and lifestyle products to bolster Esprit's market presence. Motivating licensing partners to prioritize eco-friendly materials and sustainable manufacturing to enhance brand value. Collaborating with licensing partners, designers, and influencers to create exclusive collections that uphold Esprit's fashion-forward image;

5) Brand Rebirth and Consumer Engagement: Revitalizing the Esprit brand by reintroducing iconic elements that attract both nostalgic fans and new audiences. Highlighting eco-conscious and sustainable fashion options to align with current consumer preferences;

6) Marketing, Community Engagement, and Promotion: Creating and coordinating marketing strategies to promote licensed products through various channels, including digital marketing, social media, and traditional advertising to highlight Esprit's unique mix of nostalgia and modernity. Partnering with Key Opinion Leaders and influencers to enhance engagement across digital channels, reaching both new and legacy audiences; and

7) Distribution Management: Collaborating with the Company's existing online and offline partners to streamline the distribution of licensed products, generating additional revenue streams.

Through collaboration with carefully selected partners and the meticulous execution of key processes, the Company believes that the new business model presents a promising future, benefiting both the Company and its Shareholders. The asset-light, non-capital-intensive nature of the licensing business will yield a stable and growing revenue stream. By transferring operations and associated risks to licensing partners, the Company will mitigate the burdens of production, distribution, and inventory management. This transition enables the Company to focus resources on strategic intellectual property management and brand marketing. Additionally, the licensing model empowers the Company to choose strategic partners with local market expertise, facilitating enhanced market penetration and revenue growth, while minimizing reliance on a single global licensee. Ultimately, this strategic shift positions the Company for sustainable success and long-term value creation.

PUBLICATION OF ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (https://www.hkexnews.hk) and the Company (www.esprithholdings.com). The annual report of the Company for the Year containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in July 2025.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "AGM") on Thursday, 21 August 2025. Notice of the AGM will be published and despatched to the shareholders of the Company in accordance with the Bye-laws of the Company and the Listing Rules.

CLOSURE OF REGISTERS OF MEMBERS

For determining the eligibility of shareholders to attend and vote at the AGM of the Company:

Latest time to lodge transfer documents for registration	At 4:30 pm on Friday, 15 August 2025
Closure of Registers of Members	Monday, 18 August 2025 to, Thursday, 21 August 2025 (both dates inclusive)
Record date	Thursday, 21 August 2025

During the above closure period, no transfer of shares of the Company will be effected. To be eligible to attend and vote at the forthcoming AGM, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. LO Kin Ching Joseph, Mr. YU Chung Leung and Ms. LIU Tsui Fong. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the risk management and the internal control systems and financial reporting matters including the review of the interim and annual results of the Group, and the basis and accounting treatment thereof. The Audit Committee has reviewed and agreed with the results of the Group for the Year as set out in this announcement.

SCOPE OF WORK OF THE AUDITOR OF THE COMPANY

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the same year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the Year.

CORPORATE GOVERNANCE

Throughout the Year, the Company has applied the principles of, and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. The Company has made specific enquiry with all the Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the Year.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2025 pending the publication of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 2 July 2025.

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

Hong Kong, 30 June 2025

Dates and times 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. WRIGHT Bradley Stephen

Independent Non-executive Directors:
Ms. LIU Hang-so
Ms. LIU Tsui Fong
Mr. LO Kin Ching Joseph
Mr. YU Chung Leung