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# **PRADA S.p.A.**

Via A. Fogazzaro n. 28, Milan, Italy  
Registry of Companies of Milan, Italy: No. 10115350158  
(Incorporated under the laws of Italy as a joint-stock company)  
(Stock Code: 1913)

## **Continuing Connected Transactions: Renewal of Consultancy Agreements**

On April 26, 2012 (European time), the Company renewed the consultancy agreements with each of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli, as strategic consultants of the Company for further three-year terms ending on January 31, 2015 (the “**Renewed Consultancy Agreements**”).

The Renewed Consultancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Since the relevant applicable percentage ratios for each of the Renewed Consultancy Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Renewed Consultancy Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As disclosed in the prospectus of PRADA S.p.A. (the “**Company**”) dated 13 June 2011, the Company, prior to its listing, had entered into a consultancy agreement with each of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli which have five-year terms ended on January 31, 2012 and which were to be renewed for a further three years upon terms and conditions to be renegotiated between the parties.

On April 26, 2012 (European time), the Company has renewed the consultancy agreements (the “**Renewed Consultancy Agreements**”) with each of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli on the following principal terms:

(a) ***Renewed Consultancy Agreement with Ms. Miuccia Prada Bianchi***

**Date** April 26, 2012

**Parties** (i) the Company;  
(ii) Ms. Miuccia Prada Bianchi in her capacity as strategic consultant for the Company

**Term** Takes effect retrospectively from February 1, 2012 to January 31, 2015

**Scope of Services**

Ms. Miuccia Prada Bianchi will continue to act as a strategic consultant for (i) identifying and elaborating creative design concepts and styles; (ii) coordinating and supervising collections development and all of the dedicated structures and functions; (iii) defining concepts for fashion shows and supervising their execution; and (iv) setting guidelines for brands communication and advertising campaigns and supervising related activities.

**Consideration**

In consideration of Ms. Miuccia Prada Bianchi's services, the maximum amount of remuneration payable to her for each of the three years ending January 31, 2013, 2014 and 2015 will be Euro 9,700,000, Euro 9,700,000 and Euro 10,700,000 respectively.

(b) ***Renewed Consultancy Agreement with Mr. Patrizio Bertelli***

**Date** April 26, 2012

**Parties** (i) the Company  
(ii) Mr. Patrizio Bertelli

**Term** Takes effect retrospectively from February 1, 2012 to January 31, 2015

**Scope of Services**

Mr. Patrizio Bertelli will continue to act as a strategic consultant for (i) defining the collections development and industrialization processes; (ii) developing the leather goods and shoes collection concept and supervising the related structures; and (iii) selecting locations for the new stores and refurbishment of existing stores, conceiving store concepts and defining guidelines and coordination of related project development activities.

**Consideration**

In consideration of Mr. Partizio Bertelli's services, the maximum amount of remuneration payable to him for each of the three years ending January 31, 2013, 2014 and 2015 will be Euro 10,000,000, Euro 10,000,000 and Euro 11,000,000 respectively.

## **Annual Caps for the Renewed Consultancy Agreements**

### **(a) *Renewed Consultancy Agreement with Ms. Miuccia Prada Bianchi***

The annual amount of remuneration paid to Ms. Miuccia Prada Bianchi for each of three years ended January 31, 2010, 2011 and 2012 was Euro 8,700,000, Euro 8,700,000 and Euro 8,700,000 respectively. The annual caps for the remuneration payable to Ms. Miuccia Prada Bianchi under the Renewed Consultancy Agreement for each of the three years ending January 31, 2013, 2014 and 2015 will be Euro 9,700,000, Euro 9,700,000 and Euro 10,700,000 respectively. The proposed annual caps have been determined in relation to the aggregate remuneration paid to Ms. Miuccia Prada Bianchi in the past years, to which an increase about 11% of her most recent remuneration has been added to provide flexibility for the possible adjustment in Ms. Miuccia Prada Bianchi's annual remuneration, taking into account the rise in living costs.

### **(b) *Renewed Consultancy Agreement with Mr. Patrizio Bertelli***

The annual amount of remuneration paid to Mr. Patrizio Bertelli for each of three years ended January 31, 2010, 2011 and 2012 was Euro 11,000,000, Euro 9,000,000 and Euro 9,000,000 respectively. The annual caps for the remuneration payable to Mr. Patrizio Bertelli under the Renewed Consultancy Agreement for each of the three years ending January 31, 2013, 2014 and 2015 will be Euro 10,000,000, Euro 10,000,000 and Euro 11,000,000 respectively. The proposed annual caps have been determined in relation to the aggregate remuneration paid to Mr. Patrizio Bertelli in the past years, to which an increase about 11% of his most recent remuneration has been added to provide flexibility for the possible adjustment in Mr. Patrizio Bertelli's annual remuneration, taking into account the rise in living costs.

## **General description of the principal business activities carried out by the parties involved in the Continuing Connected Transaction**

The Company and its subsidiaries (the “**Group**”) form one of the world's most prestigious fashion luxury goods groups and the Company is the worldwide exclusive licensee of the design, development, manufacture, advertising, promotion and distribution of the PRADA and MIU MIU trademarks.

Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli are the Chairperson and Chief Executive Officer, respectively, as well as Executive Directors and substantial shareholders (as defined in the Listing Rules) of the Company.

## **Reasons for and benefits of the transaction**

The Directors (including the Independent Non-executive Directors) of the Company are of the view that the involvement of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli as strategic consultants for the Company has been, and will remain, a key factor to the Group's success taking into account: (i) the strategic role of and contributions made by Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in respect of the Group's business and operations in the past and on a continuing basis; (ii) the importance of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli's experience and expertise as strategic consultants to building the Group's financial performance and track record; and (iii) that it would be in the best interests of the Company and its shareholders to have in place measures to ensure continuity and stability with respect to the consultancy services that Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli provide to the Company.

The Directors (including the Independent Non-executive Directors) consider that the Renewed Consultancy Agreements have been entered into in the ordinary course of business of the Group and that the Renewed Consultancy Agreements were negotiated on an arm's length basis, on normal commercial terms, which are fair and reasonable, and in the interests of the Group and the Company's shareholders as a whole.

## **Listing Rules implications**

Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli are the Chairperson and Chief Executive Officer, respectively, Executive Directors and substantial shareholders (as defined in the Listing Rules) of the Company. As such, they are connected persons (as defined in the Listing Rules) of the Company and the Renewed Consultancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli have material interests in the above transactions and have abstained from voting on the board resolution approving such transactions.

Since the relevant applicable percentage ratios for each of the Renewed Consultancy Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Renewed Consultancy

Agreements are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

By Order of the Board  
**PRADA S.p.A.**  
**Mr. Carlo Mazzi**  
*Deputy Chairman*

Milan, Italy, April 27, 2012

*As at the date of this announcement, the Company's executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI and Mr. Donatello GALLI; the Company's non-executive directors are Mr. Marco SALOMONI and Mr. Gaetano MICCICHÈ and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.*